

Drive Clean Chicago

Clean Truck Voucher Fund

IMPLEMENTATION MANUAL

December 1, 2014

Table of Contents

1 DEFINITIONS 3

2 BACKGROUND..... 5

3 PROGRAM ELIGIBILITY 6

4 INCENTIVE AMOUNTS..... 12

5 VOUCHER APPLICATION PROCESS..... 13

6 VOUCHER REDEMPTION 14

7 SPECIAL TERMS FOR LEASED VEHICLES 16

8 REPORTING REQUIREMENTS 17

9 ELIGIBLE COUNTIES..... 17

FIGURES

FLOW CHART OF THE VEHICLE APPROVAL AND REGISTRATION PROCESS 9

FLOW CHART OF VENDOR APPROVAL AND REGISTRATION PROCESS 11

FLOW CHART OF THE VOUCHER REQUEST AND REDEMPTION PROCESS 16

1 DEFINITIONS

“All-Electric Vehicle (EVs)” means an on-road, Class 2-8 GVWR, vehicle, or off-road terminal tractor, that operates solely by use of a battery pack, or that is powered primarily through the use of an electric battery pack but can also use a flywheel or capacitor that also stores energy produced by the electric motor or by regenerative braking to assist in vehicle operation. Recharge energy must be drawn from a source off the vehicle, such as a connection to grid electric service. The vehicle must be able to drive at least 10 miles on all-electric power.

“Commercial Fleet” means one or more vehicles not used for individual or personal activities; vehicles used solely as part of a commercial enterprise.

“Eligible Fleet,” means Commercial, Non-profit, or Public Fleet entity (excluding the federal government) operating, registering and domiciling vehicles in any Eligible County. (See Section 9 for eligible counties).

“Fleet” is defined as one or more vehicles owned by a business, non-profit or government entity excluding the federal government. Fleets under common ownership or control that share a common Tax Identification Number or ID # are considered part of a single fleet even if they are part of different subsidiaries, divisions, or other organizational structures of a company or government agency.

“Gross Vehicle Weight Rating (GVWR)” means the vehicle weight described on the original manufacturer Line Setting Ticket provided to the vehicle dealer.

“E&HV” is the combination of All-Electric, Hybrid, and Plug-In Hybrid-Electric Vehicles.

“Hybrid Vehicle” for the purposes of this program means any Class 2-8 GVWR vehicle that can draw propulsion energy from both of the following on-vehicle sources of stored energy: 1) consumable fuel, and 2) a rechargeable energy storage system. “Incremental Cost” means the difference in cost between the new All-Electric Vehicle and the comparable new gasoline or diesel-fueled vehicle that would be purchased to perform the same function.

“Line Setting Ticket” means the factory build or construction sheet created when the vehicle order is sent to the vehicle manufacturer. The Line Setting Ticket typically includes the new vehicle’s identification number (VIN), all the codes for standard equipment, and the options that the salesman used to create this vehicle for the Vehicle Purchaser. After the factory assembles the vehicle and the vehicle is shipped and sold, the Line Setting Ticket identifies such things as the GVWR, engine type, transmission type, driveline, paint codes, gear ratio, and standard and optional equipment, specific to that vehicle.

“Original Equipment Manufacturer or OEM” means the company that builds or assembles, at a minimum, the completed All-Electric Vehicle drive train and chassis.

“Non-profit” means an agency or corporation that does not distribute corporate income to shareholders and is exempt from federal income taxes under Section 501 of the Internal Revenue Code (26 U.S.C.A. § 501).

“Plug-in Hybrid-Electric Vehicle” (also known as an Extended-Range Electric Vehicle (EREV)) means a Class 2-8 GVWR hybrid electric vehicle which has:

- zero emission vehicle range capability,
- on-board electrical energy storage device with useful capacity equivalent to greater than or equal to ten miles of Urban Dynamometer Driving Schedule range on electricity alone,
- is equipped with an on-board charger, and is
- rechargeable from an external connection to an off-board electrical source.

“Program Website”: <http://drivecleanchicago.com>

“Public Fleet” includes all state, municipal, and other non-federal government fleets, as well as fleets operated by public universities, public airports, public school districts, public ports, and special districts such as water, utility, and irrigation districts that operate one or more vehicles.

“Truck Equipment Manufacturer (TEM)” means a company that installs equipment on a truck or bus rolling chassis purchased from a Manufacturer. The TEM must bear full responsibility for any vehicle defects under federal law and is responsible for certifying that the vehicle meets all applicable federal safety standards.

“Vehicle Operator” is the Eligible Fleet (as defined in Section 2) that will operate the vehicle under a lease agreement with a Vehicle Purchaser.

“Vehicle Purchaser” is the Eligible Fleet (as defined in Section 2) that will directly purchase, own and operate the vehicle or the leasing company that will lease an All-Electric Vehicle to a vehicle operator.

“Vendors” include vehicle dealerships, original equipment manufacturers (OEMs), and truck equipment manufacturers (TEMs) that sell new medium or heavy-duty vehicles (Gross Vehicle Weight Rating (GVWR) greater than 10,000 pounds) directly to vehicle purchasers. The Vendor is an entity that is responsible for the delivery of the completed vehicle to the Vehicle Purchaser or end-user. In some cases the vendor may be the chassis manufacturer that sells a completed truck directly to a fleet. In most cases the vendor is a local truck dealer that sells an All-Electric Vehicle built by an OEM. In some cases where the trucks are ordered and purchased directly from a Truck Equipment Manufacturer (TEM), the TEM will act as the Vendor.

“Voucher Processing Center” is the Program Administrator’s (CALSTART’s) electronic database system to maintain records of vouchers under the Program.

2 BACKGROUND

The **Drive Clean Chicago Clean Truck Voucher Incentive Fund** (or Program) is an incentive program aimed to accelerate the deployment of electric and hybrid technology across medium and heavy-duty vehicle classes in the Chicago metropolitan area. By increasing the use of E&HVs, this program provides a public benefit by reducing harmful emissions and the transportation sector's dependence on petroleum in Chicago. The City of Chicago developed the Program to provide incentives to reduce the costs of E&HVs in order to help fleets, leased vehicle operators and vehicle owner-operators transition into vehicles that are better for the environment and can be more cost effective.

About this Implementation Manual

To provide Program participants with information on how to participate in the Program, the following Implementation Manual outlines the requirements, rules and funding parameters for the Program. As the Program evolves, it is likely that periodic updates will be made to the Implementation Manual. Program participants will be bound by the latest version of Implementation Manual at the time they submit a voucher request. In other words, voucher requests, voucher redemption protocols, and all other Program elements associated with those vouchers must follow the directions outlined in the most recent version of the Implementation Manual posted on the Program Website at the time of voucher request. Please visit the Program Website (<http://drivecleanchicago.com>) to find the most recent Implementation Manual as well as all required forms and agreements.

Advancing E&HVs through Voucher Incentives

The incentive used to help reduce vehicle costs associated with a new E&HV truck or bus comes in the form of a voucher that will be provided to the Vendor selling the vehicle to the Vehicle Purchaser. The value of the voucher is deducted from the total sale price of the new EV truck or bus prior to vehicle purchase. Once the truck or bus has been delivered, registered, and fully paid for (minus the voucher amount) by the Vehicle Purchaser, CALSTART reimburses the Vendor for the full voucher amount.

The voucher amount is based on the incremental cost of the vehicle.

The total amount of voucher funding for the Program is \$11.3 million. The voucher amount is calculated using the formula $V = 0.8 * IC$, where V is the voucher amount and IC is the incremental cost of the vehicle or upfit in dollars. Only vehicles that are domiciled and operate at least 75% of the time in the six eligible counties are able to participate in the Program. See Section 9 for a list of eligible counties.

Program Operation Overview:

1. **All-Electric, Hybrid, and Plug-In Hybrid Electric Vehicle Eligibility** – The Original Equipment Manufacturer (OEM), the OEM's authorized dealer, or Truck Equipment Manufacturer (TEM) submits a completed Vehicle Eligibility Application to the Voucher Processing Center (VPC) requesting Program approval. The "approved" All-Electric,

Hybrid, and Plug-In Hybrid Electric Vehicle(s) are then listed on the Program Website as “Eligible Vehicles.”

2. **Vendor Approval** – A Vendor that sells the listed eligible vehicle(s) applies to the VPC to be approved by CALSTART to receive voucher funding. The VPC verifies with the OEM that the Vendor is certified to sell the EVs. Once approved by the VPC, the Vendor is allowed to market the Program incentives to a Vehicle Purchaser.
3. **Voucher Request** – When a Vehicle Purchaser is ready to purchase the eligible vehicle from an approved Vendor, the Vendor will submit a Voucher Request Form to the VPC to have an incentive amount set aside for that specific vehicle purchase. The full incentive amount must be deducted from the total sale price of the vehicle and the full benefit must accrue to the Vehicle Purchaser. The Vendor cannot charge fees in association with processing the incentive application or the required redemption documentation.
4. **Voucher Redemption** – Once the vehicle is delivered, registered, and paid for by the Vehicle Purchaser, the Vendor submits a Voucher Redemption Form to the VPC for payment.
5. **Voucher Payment** – The VPC approves the Voucher Redemption Form and CALSTART issues a voucher payment to the Vendor. CALSTART submits payment for the full voucher amount to the Vendor.

All Program questions can be directed to the Voucher Processing Center (VPC):

Drive Clean Chicago Voucher Processing Center
c/o CALSTART
14062 Denver West Pkwy, Ste 300
Lakewood, CO 80401
(303) 825-7550 x1
Email: info@drivecleanchicago.com

3 PROGRAM ELIGIBILITY

3.1 Vehicle eligibility

The following are eligibility requirements for vehicles under the Program:

- A vehicle must be a Class 2-8 All-Electric, Hybrid, or Plug-in Hybrid Electric Vehicle truck or bus. Personal passenger vehicles are **NOT** eligible for Program funding.

- A vehicle must be purchased from or converted by a participating Vendor.
- The vehicle and vehicle chassis must either be new or be repowered to an all-electric, hybrid, or plug-in hybrid electric vehicle under the program. If the vehicle is a new vehicle, the vehicle and/or vehicle chassis cannot have been registered in any state, or paid for by the Vehicle Purchaser (other than a vehicle down payment), nor any purchase order issued for that vehicle prior to January 15, 2014 in order to receive a voucher. If the vehicle is repowered to an all-electric, hybrid, or plug-in hybrid electric vehicle under the program, the repower cannot have taken place prior to January 15, 2014. Used vehicles that are purchased (not repowered), including vehicles used by dealers, OEMs, or other entities or for demonstration purposes are NOT eligible.
- Fuel-fired heaters used in vehicles that receive vouchers must meet California ARB LEV standards. Qualifying fuel-fired heaters can be found in the list of approved and verified equipment at <http://www.arb.ca.gov/msprog/cabcomfort/cabcomfort.htm>.
- All Eligible Vehicles must be greater than 6,000 lbs. Gross Vehicle Weight Rating (GVWR) and meet all federal and state requirements for operation in Illinois. The OEM must also certify that the vehicle model complies with all applicable federal safety standards for new motor vehicles and new motor vehicle equipment issued by the National Highway Traffic Safety Administration (NHTSA). The Federal Motor Vehicle Safety Standards (FMVSS) are found in Title 49 of the Code of Federal Regulations (CFR) Part 571.
- The vehicle drive train, including applicable battery pack, must be covered by an OEM warranty. Prior to approving a vehicle model to the list of eligible vehicles posted on the Program Website, CALSTART will request that the OEM provide copies of representative vehicle, battery warranties and a description of the OEM's plans to provide warranty and routine vehicle service. The warranty must provide protection for a minimum of 36 months or 50,000 miles whichever comes first. The first 12 months of the coverage period must be a full warranty covering, at a minimum, motor, drive train, battery, parts and labor. If the warranty for the remaining 24 months is prorated, the percentage of the battery pack's original value to be covered or refunded must be at least as high as the percentage of the prorated coverage period still remaining. For the purpose of this computation, the age of the battery pack must be expressed in intervals no larger than three months.
- If a Vendor does not own an Illinois repair facility or does not have a contract with an Illinois entity to provide repair and warranty service, the Vendor must submit a plan for how it intends to provide warranty service, replacement parts, and technical support in Illinois. The maintenance/repair plan must be submitted to the VPC for approval. The plan must be approved by CALSTART for vehicles to be eligible to receive incentives under the Program.

Vehicle Approval Process:

1. **Download Vehicle Eligibility Form** – An Original Equipment Manufacturer (OEM), OEM's authorized dealer or TEM downloads the Vehicle Eligibility Application from <http://drivecleanchicago.com>. Typically the OEM will be the entity seeking to have its vehicle approved and listed on the Program Website.
2. **Email Vehicle Eligibility Form to VPC** - The OEM, OEM's authorized dealer or TEM completes the Vehicle Eligibility Form (Excel Spreadsheet) and emails the application to the Voucher Processing Center (VPC).
3. **CALSTART Reviews Application** - Within approximately ten (10) calendar days of the email submission, CALSTART reviews the Vehicle Eligibility forms for eligibility, accuracy, and completeness. If additional information is needed, the VPC will notify the OEM, OEM's authorized dealer or TEM via email.
4. **CALSTART Approves Vehicle Eligibility** – CALSTART approves vehicle eligibility. VPC informs OEM of approval and emails PDF copy of Vehicle Eligibility Application to OEM for an original signature.
5. **OEM Mails Signed Vehicle Eligibility Application** – Within ten (10) calendar days of receiving approval from the VPC, the OEM mails a signed hardcopy of Vehicle Eligibility Application to VPC.
6. **VPC Posts Eligible Vehicle(s) on Program Website** – Once VPC reviews and approves signed hard copy of Vehicle Eligibility Application, VPC then informs OEM of final approval.

7. **Vendor Approval Needed to Sell Eligible Vehicles** - Vendors must apply to be an approved Vendor to receive voucher funds for approved vehicles.

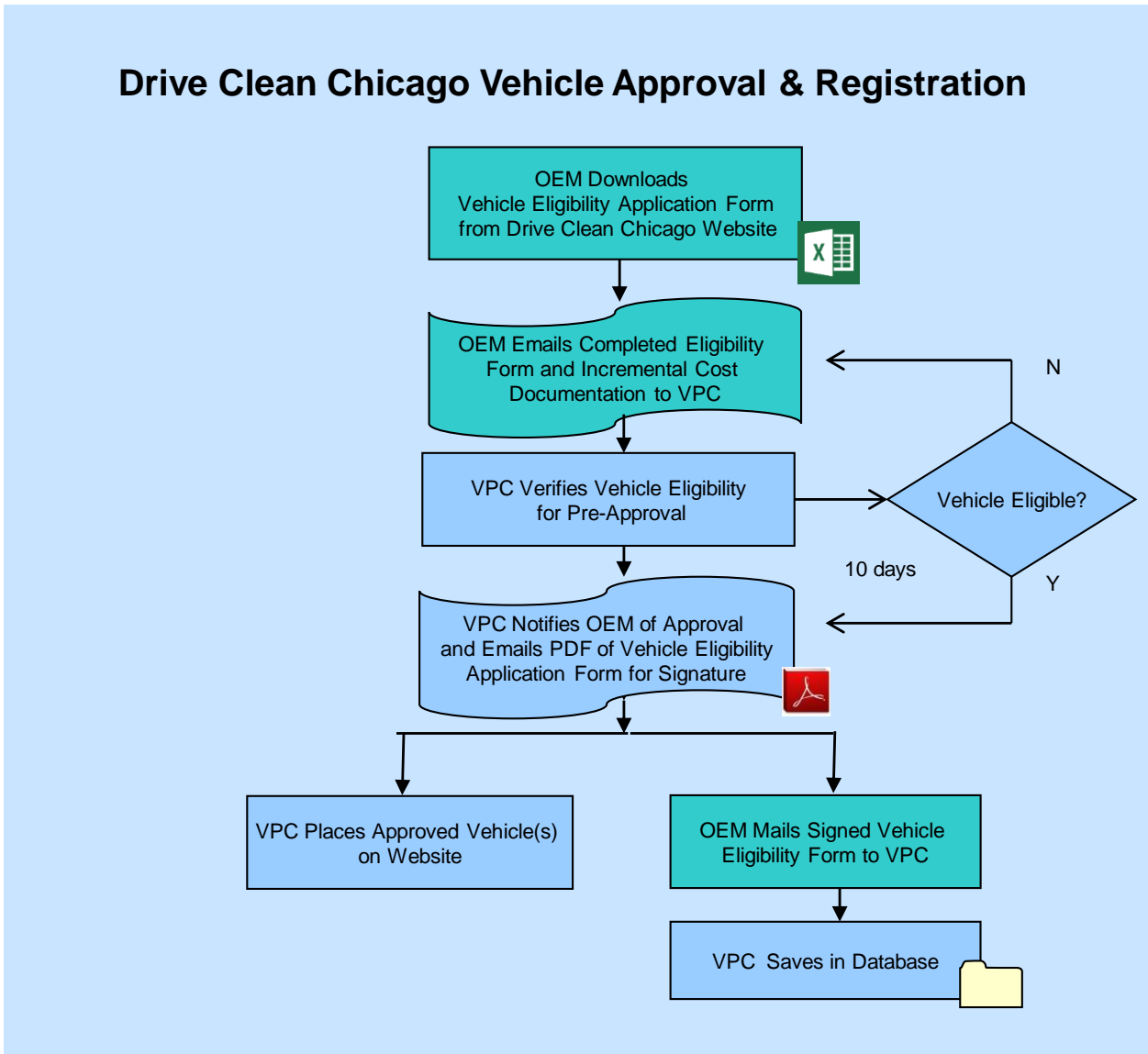


Figure 1 Flow Chart of the Vehicle Approval and Registration process

3.2 Vendor Eligibility

Under the Program the Vendor is the entity that sells the E&HV to the Vehicle Purchaser. The following rules apply to vendors interested in selling Eligible Vehicles through the Program:

- A Vendor can be a truck or bus dealership that has a written agreement with a medium and/or heavy-duty electric, hybrid, or plug-in hybrid electric vehicle OEM, a valid business

license for the past two years, an official dealer number and sells a complete All-Electric, Hybrid, or Plug-In Hybrid Electric Vehicle to a fleet or vehicle owner-operator.

- A Vendor can be an original All-Electric, Hybrid, or Plug-in Hybrid Electric Vehicle OEM that sells complete E&HVs directly to fleets or vehicle owner-operators. A Vendor can also repower a purchaser's existing truck or bus to an all-electric driveline.
- A Vendor can be a truck or bus TEM that has a written agreement with a medium or heavy-duty E&HV OEM, up-fits or performs final utility equipment installations on those vehicles and sells the completed vehicle to a fleet or vehicle owner-operator.
- A Vendor must be the entity that sells the fully assembled and completed vehicle. For example, a Vendor is not eligible if it only sells the chassis to a TEM that in turns completes the final vehicle manufacture and then sells the completed vehicle to the fleet. In this case, it is the TEM that sells the completed vehicle to the fleet that would be eligible to apply for the voucher.

Once a Vendor has submitted a complete Vendor Application Packet (Vendor Request Form, Vendor Terms & Conditions, and W9 Form) to the VPC, is confirmed as a certified dealer by the OEM, and executed a formal agreement with CALSTART, the Vendor is then approved to market the Program incentives to eligible fleets (Section 2). Download the Vendor Application Packet from the Program Website (<http://drivecleanchicago.com>).

Vendor Approval Process:

1. **Download Vendor Application Packet** – Vendor downloads the Vendor Application Packet from the Program Website <http://drivecleanchicago.com>. The Vendor Application Packet includes, 1) Vendor Request Form, 2) Vendor Agreement, and 3) W-9 Form.
2. **Vendor Emails Vendor Application Packet to VPC** – Vendor emails complete Vendor Application Packet to Voucher Processing Center (VPC) for preliminary review.
3. **VPC Reviews Vendor Application Packet** – VPC reviews Vendor Application Packet for completeness and confirms with OEM on certification to sell listed eligible vehicles. If incomplete or not certified, VPC notifies Vendor.
4. **VPC Instructs Vendor to Mail Vendor Application Packet to CALSTART** – If approved by VPC, the Vendor is instructed to mail hard copy of Vendor Application Packet with original signatures directly to CALSTART. Instructions for mailing the packet will be included in the approval correspondence. Do not mail the Packet to the CALSTART contact listed in the manual.

5. **CALSTART Reviews Vendor Application Packet** – CALSTART reviews the Vendor Application Packet and assigns a Vendor Number. CALSTART countersigns Vendor Agreement (CALSTART Contract) and mails to Vendor.
6. **VPC Posts Vendor on Program Website** – Once CALSTART notifies VPC of Vendor approval, VPC informs the Vendor and posts the Vendor on the Program Website.

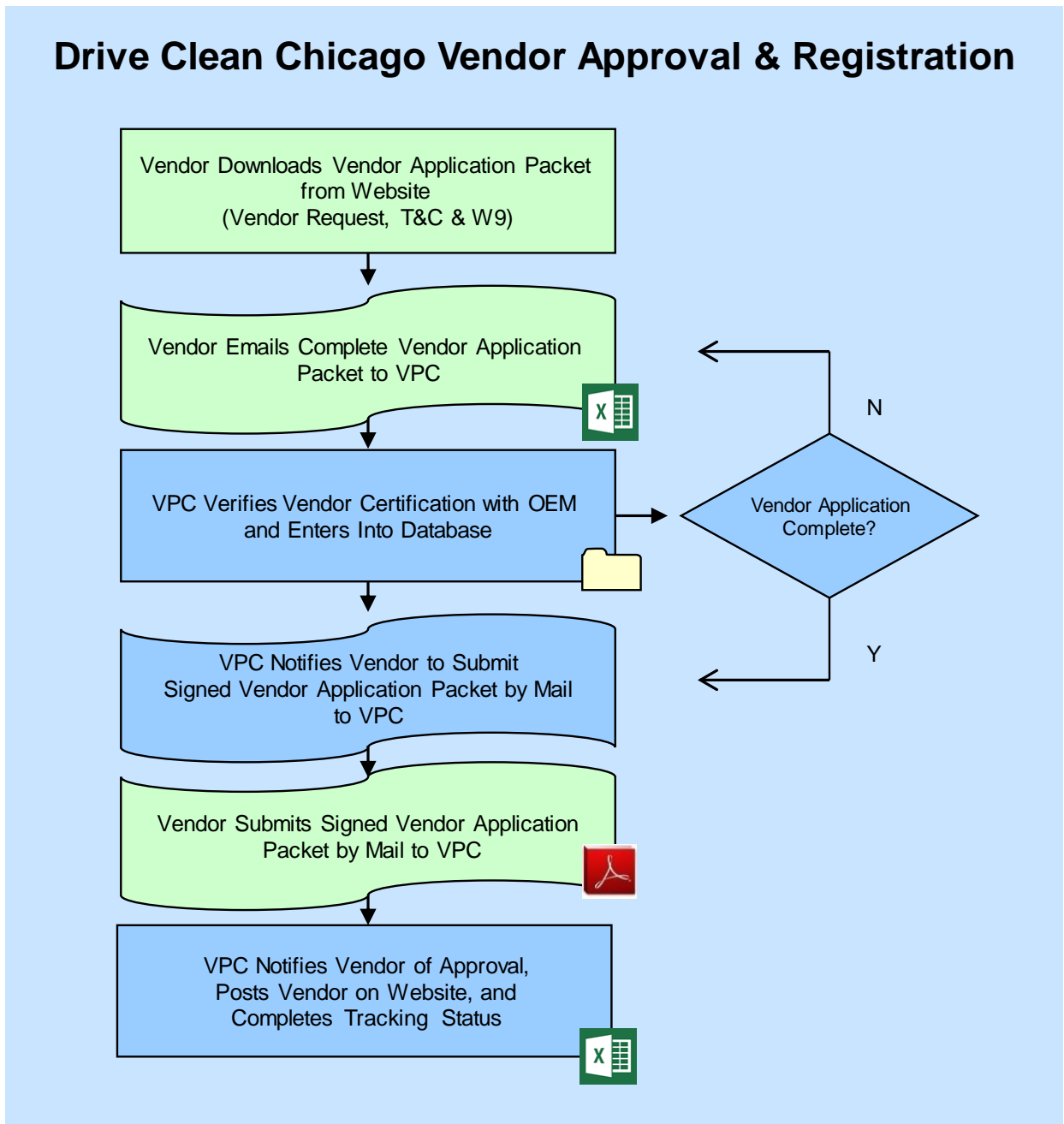


Figure 2 Flow Chart of Vendor Approval and Registration Process

3.3 Fleet Eligibility

An “Eligible Fleet,” Vehicle Purchaser or Vehicle Operator can be a commercial fleet, non-profit agency, or public fleet entity (excluding the federal government) that operates at least 75% of the time and is domiciled in any of the six eligible counties (See Section 9). The All-Electric, Hybrid, or Plug-In Hybrid Electric Vehicles must be registered in Illinois.

No single fleet can receive more than 80% of the total available voucher funding available.

4 INCENTIVE AMOUNTS

Voucher amounts are set at 80% of the incremental cost of a new vehicle or 80% of the cost of a conversion.

The voucher amount is capped based on the technology and GVWR as shown in Table 1 below.

Table 1 Voucher Amount Caps

| GVWR (lbs) | Zero Emission | EREV/Plug-in Hybrid | Hybrid |
|-------------------|----------------------|----------------------------|------------------|
| 6,001 - 10,000 | Capped at \$55k | Capped at \$45k | Capped at \$20k |
| 10,001 - 14,000 | Capped at \$60k | Capped at \$50k | Capped at \$30k |
| 14,001 - 19,500 | Capped at \$90k | Capped at \$55k | Capped at \$40k |
| 19,501 - 26,000 | Capped at \$100k | Capped at \$60k | Capped at \$50k |
| 26,001 - 33,000 | Capped at \$110k | Capped at \$70k | Capped at \$60k |
| 33,001 - 38,000 | Capped at \$120k | Capped at \$100k | Capped at \$80k |
| > 38,000 | Capped at \$150k | Capped at \$120k | Capped at \$100k |

Vendors are required to pass on the full Program incentive to a Vehicle Purchaser by reducing the purchase cost of eligible vehicles by the full incentive amount. Vendors may not charge fees to the Vehicle Purchaser in association with processing vouchers.

The City of Chicago may, from time to time, analyze the effectiveness of the voucher amounts used in the program, and make adjustments to improve the effectiveness of the program if it chooses to do so. Changes will be posted online and reflected in a revised implementation manual. If voucher amounts are adjusted, the adjustments would not affect any vouchers already issued, but would only affect future voucher requests made after the program change.

5 VOUCHER APPLICATION PROCESS

Vendors, upon execution of a formal agreement (Vendor Agreement) with CALSTART, will be given approval to market the Program incentives to Eligible Fleets. The Vendor Agreement can be downloaded from the Program Website.

Voucher Request Process:

1. **Download and Submit Voucher Request Form to VPC** – Vendor downloads the Voucher Request Form (Excel Spreadsheet) from Program Website; completes the form with the Vehicle Purchaser; and emails Voucher Request Form to the Voucher Processing Center (VPC) info@drivecleanchicago.com to start the electronic request.
2. **VPC Reviews Voucher Request** - Within seven (7) calendar days of the electronic request by the Vendor, the VPC reviews the Voucher Request Form for eligibility, accuracy, and completeness and enters voucher request into the Program database. If the Voucher Request is incomplete or inaccurate, the VPC notifies the Vendor to revise with Vehicle Purchaser and resubmit.
3. **VPC Notifies Vendor of Preliminary Approval** – VPC notifies Vendor of preliminary approval and sends electronic request to Vendor to submit by mail a signed Voucher Request Form and a signed Vehicle Purchaser Terms and Conditions to the VPC. At this time the voucher funding associated with the voucher request is reserved for the voucher request until the voucher is redeemed or cancelled.
4. **Vendor Mails Signed Documents to VPC** – Within fourteen (14) calendar days of electronic request, the Vendor and Vehicle Purchaser complete, sign and mail the Voucher Request Form and Vehicle Purchaser Terms & Conditions to VPC.
5. **VPC Assigns Voucher** – Once VPC receives signed documents from the Vendor, VPC assigns the voucher and notifies the Vendor.
6. **Vendor Orders Vehicle and Collects Vehicle Information** - Within fourteen (14) calendar days of notification by VPC, the Vendor emails a copy of the vehicle purchase order to the VPC. The Vendor has thirty (30) calendar days to provide vehicle information to VPC that includes expected vehicle delivery date, Vehicle Identification Number (VIN), vehicle serial number, vocation, and notification of other incentive funds.
7. **Vendor Submits Complete Voucher Request to VPC** – Vendor emails/mails vehicle information to complete the Voucher Request to the VPC.
8. **VPC Reviews and Approves Voucher Request** - Within seven (7) calendar days of receipt of all voucher request forms, documentation, and vehicle information, VPC conducts a final review and if complete, notifies the vendor by email that the voucher has received final approval.

9. **If Voucher Request is Rejected** - If voucher request is rejected due to documentation that disqualifies the vehicle and/or voucher request, the VPC will notify the Vendor by email or mail within approximately fourteen (14) calendar days of receipt of Voucher Request Forms with the reason for rejection.
10. **Begin Voucher Redemption Request** – The voucher is approved for 120 days, after which it may be cancelled. The Vendor may extend the voucher for 120 days (see below) by emailing a request to the VPC that verifies the delivery date of the vehicle. The Vendor is requested to begin submitting documents for the Voucher Redemption process as they become available within the period of 120 calendar days.

Voucher Extension

A Program voucher will be valid for 120 days from the time it is issued by the VPC. A Vendor at any point within the 120 days can renew a voucher by notifying the VPC by email or regular mail requesting an extension. Renewal of the voucher automatically reserves the voucher funding for an additional 120 days. A voucher that is not renewed or redeemed within any 120-day period will be deemed expired and the voucher funds will be allocated to the next eligible Program participant. If a voucher is not renewed, a Vendor may re-apply to the PROGRAM. These will be considered new voucher requests. The expiration date is noted on the voucher form, and it is up to the Vendor to be aware of the expiration date. A voucher **must** be redeemed within one year (365 days) of the *original* voucher request date, after which time the voucher is expired.

6 VOUCHER REDEMPTION

Once a vehicle has been purchased, delivered, and is ready to be placed into service, the Vendor must submit the Voucher Redemption Form and required documentation to the VPC for redemption.

Voucher Redemption Process:

1. **Download and Submit Voucher Redemption Form to VPC** - The Vendor downloads the Voucher Redemption Form from the Program Website, completes the Form with the final vehicle price and title transfer date, and emails a copy to the VPC to start the electronic redemption.
2. **VPC Reviews Voucher Redemption Application** - Within seven (7) calendar days of the electronic redemption request, the VPC reviews the Voucher Redemption Form for eligibility, accuracy, and completeness. If additional information is needed from the Vendor, the VPC will notify the vendor via email.

3. **Vendor Emails Vehicle Documentation to VPC** - Within sixty (60) calendar days of the electronic redemption request, the Vendor emails copies of the vehicle's Delivery Bill of Lading, signed final vehicle invoice, temporary DMV Registration or DMV tags, Vehicle Line Setting Ticket (otherwise known as the Factory Build Sheet), financial documentation identifying the method and date of final and complete (minus the voucher amount) payment to the Vendor, and digital inspection photos (vehicle left side, odometer, VIN tag) of the vehicle to the VPC.
4. **Vendor Mails Signed Voucher Redemption Form to VPC** – Within (60) calendar days of the electronic redemption request, the Vendor prints and signs the Voucher Redemption Form (including the Program Vehicle Inspection) and mails the original form to the VPC.
5. **VPC Reviews and Approves Voucher Redemption Form** – Within seven (7) calendar days of receipt of all completed Voucher Redemption Forms, final vehicle documentation, and information, the VPC verifies that Vehicle Purchaser and delivered vehicle information match those listed on the voucher and approves the Voucher Redemption Form and all associated documentation. The VPC then informs the Vendor of voucher redemption approval. If the Vendor is informed of incomplete or inaccurate redemption documentation, they will have seven (7) calendar days to correct, complete, and resubmit the documents for approval.
6. **If Voucher Redemption is Denied** - If voucher redemption is denied, the VPC responds in writing or by email with the reason for denial within approximately seven (7) calendar days of receipt of forms or documentation that disqualify the vehicle and/or voucher request.
7. **CALSTART Makes Voucher Payment to Vendor** - Within ten (10) calendar days of VPC approval of the voucher redemption request, CALSTART pays voucher amount to the Vendor.

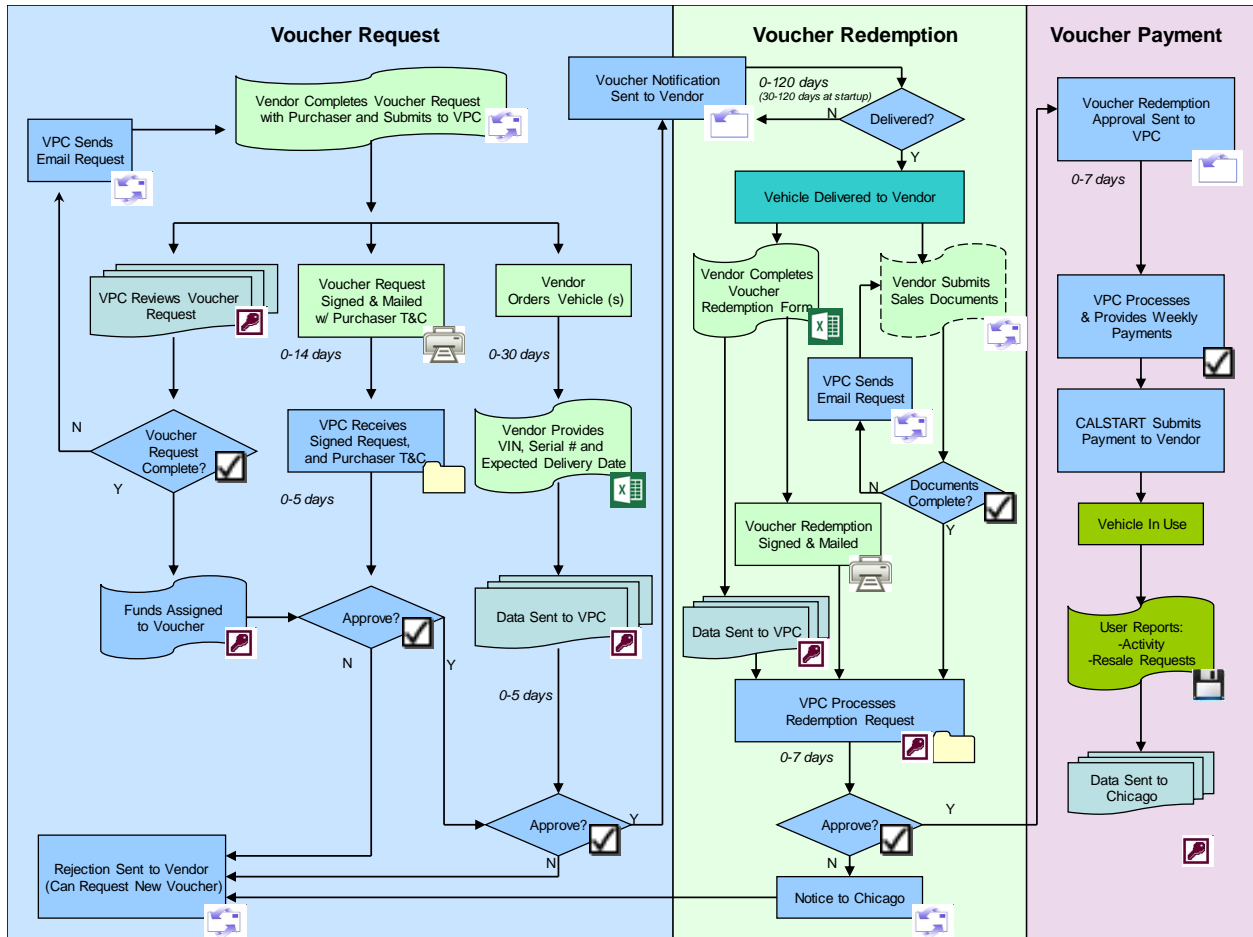


Figure 3 Flow Chart of the Voucher Request and Redemption process

7 SPECIAL TERMS FOR LEASED VEHICLES

Eligible All-Electric, Hybrid, or Plug-In Hybrid Electric Vehicles that will be purchased by a leasing or rental company and leased to an Eligible Fleet or vehicle operator are allowable under the Program. In these circumstances the leasing or rental company is considered the Vehicle Purchaser. Any vehicle lease or rental entity that purchases a Program-funded vehicle must identify the vehicle end-user in the voucher application and enter into an agreement within one month of voucher request/vehicle purchase to be eligible for Program incentives. Any vehicle lease or rental entity that leases a vehicle purchased with a Program voucher must disclose the voucher amount and voucher terms to the vehicle renter or lessee. The draft lease agreement with the end user fleet must be included with the voucher application. The vehicle end-user must take possession of the vehicle within 30 days of voucher redemption for that vehicle. The lease or rental agreement must include all commitments needed from the lessee or renter to ensure that 1) the vehicle operates almost exclusively (at least 75 percent of the time) in the six-county metropolitan Chicago region as required by the voucher redemption form, 2) the vehicle will be registered and domiciled within one of the eligible counties, 3) all required

semi-annual activity reports will be submitted to CALSTART, and 4) all other terms of the Program are met.

CALSTART reserves the right to review lease agreements to confirm appropriate disclosures are made regarding the Program voucher amount received, vehicle activity and reporting, and other requirements. Vehicle Purchasers must provide VPC with all the requested information related to any vehicle purchased with a Program voucher (including lease agreements) within ten days of VPC's written request for such information. The vehicle end-user (i.e., the lessee for lease agreements) is responsible for ensuring semi-annual activity reports are accurate and are submitted to CALSTART as required. A Program voucher can be provided at time of vehicle purchase only, and is not provided at the time a vehicle is leased or rented. For example: a leasing company cannot request a voucher to purchase a demonstration vehicle or vehicles with the intention of finding a prospective fleet to lease the vehicles. The end use fleet must be identified in the voucher request along with a draft lease agreement with that fleet. Questions regarding common ownership or fiduciary control of an organization should be directed to the VPC.

8 REPORTING REQUIREMENTS

The Vehicle Purchaser and/or leased vehicle operator must submit Semi-Annual Usage Reports for a minimum of three years after receiving voucher redemption. Semi-Annual Usage Reports will be provided by the VPC (either by mail or email) for completion by the Vehicle Purchaser or leased vehicle operator. Reports may be completed on the Program Website when that functionality is available. In the situation of leasing agreements, the Vehicle Purchaser (leasing company) is responsible for ensuring the fleet end-user leasing the vehicles submits the required Semi-Annual Usage Reports. CALSTART reserves the right to bar a Vehicle Purchaser that does not provide timely and accurate Program Semi-Annual Usage Reports from receiving further funding under the Program. CALSTART may also recapture the incentive funds from the Vehicle Purchaser if it does not provide timely and accurate Program Semi-Annual Usage Reports as required. It is the Vehicle Purchaser's responsibility to submit these reports in a timely manner.

9 ELIGIBLE COUNTIES

- Cook
- DuPage
- Kane
- Lake
- McHenry
- Will

