

BCAQMD Policy on Purchasing or Financing Grant-Funded Equipment

Grant funding provided through the Carl Moyer Program, FARMER Program, and Community Air Protection Incentives Program are paid as a reimbursement after the Program Participant purchases eligible equipment identified in their grant contract. The District recognizes that long-term financing or short-term purchasing terms are sometimes needed to assist the Program Participant with the purchase prior to reimbursement from the District. Because the District has a contractual obligation to ensure that public funds achieve emission reductions that are surplus, enforceable, quantifiable, and permanent throughout the entire life of the grant contract, the District maintains the following policies on purchasing grant-funded equipment.

Eligible Types of Purchase Agreements or Financing:

- 1. Paid in Full** – Final invoice should include itemized equipment costs, vendor information, and show evidence that the equipment was purchased in full (zero-balance, notation from vendor, or supplemental proof of payment information).
- 2. Purchase Order** – Final documentation should itemized equipment costs, vendor information, Purchase Order number, and purchase terms. Proof of payment to the vendor is required to be sent to the District within 45 days of receiving payment from the District.
- 3. Net Payment Terms** – Final documentation should include the equipment to be purchased, vendor information, itemized equipment costs, and net payment terms. Proof of payment to the vendor is required to be sent to the District within 45 days of receiving payment from the District.
- 4. Conventional Long-Term Financing (Grant Amount Down, Financing Remainder)** Final documentation should include itemized equipment costs, proof of down payment of minimum of grant amount, amounts to be financed, and financing agreement / terms.
- 5. Conventional Long-Term Financing (Full Amount or Balance Including Part of Grant Amount)** – Final documentation should include the final itemized invoice, amounts to be financed, and financing agreement / terms. The amount financed should not initially exceed the cost of the equipment purchase so the District asks that financing and document fees be paid upfront by the Program Participant as part of a down payment. Proof of payment of at least the grant amount towards the financed principal is required to be sent to the District within 45 days of receiving payment from the District. After 45 days of receiving grant payment from the

District, only a maximum of the eligible replacement equipment cost minus the grant amount shall remain under long-term financing.

Ineligible Types of Purchase Agreements or Financing:

- 1. Lease Purchases** – The Program Participant must be the owner of the replacement equipment for the duration of the grant contract. The 2024 CMP Guidelines provide an option to allow lease-to-own financing for zero-emission technology at the District’s discretion however the District has not developed that process as of yet.

Process for District Approval of Financing or Purchase Agreements:

1. Prior to Grant Contract Approval

Purchase method approval not required if Program Participant is paying cash. For all other purchase methods, the Program Participant will provide draft or proposed terms to the District prior to execution of grant contract. If proposing a Purchase Order or Net Terms, a statement from the vendor outlining the type of purchase and terms is adequate. If proposing long-term financing, a statement from the vendor or lender estimating the financed amount, down payment, length of term, and estimated interest rate are required.

2. Changes After Grant Contract Approval

If the method of payment approved in the grant contract changes, the Program Participant shall submit the required documentation needed for District review and approval. If approved, the District and Program Participant will amend the grant contract accordingly. Financing without District approval is done at your own risk and may result in reimbursement delays.