

Higher Blends Infrastructure Incentive Program

Orientation and Enrollment Webinar Transcript

May 12, 2020

Welcome, this is Mark Brodziski with the USDA. I will introduce the process of enrolling and accessing the program. I would like to have you join. We have participants across the country on the line and we are glad to kick off a little discussion on the program. This is the first of a series of three webinars focusing on the orientation piece event. We hope to get to engage with you and share all of the information that we can and address any questions and we can provide to you. As we kick off this afternoon, we are excited to have a strong supporter of this program join us from our Secretary's office within Rural Development. We have Miss Betty brand. Betty is our deputy secretary with rural development. She is a strong component of not only the program but all of our work behind it. I would like to turn it over to Betty with a couple of opening comments from you. Thank you for joining this afternoon.

Thank you very much Mark that was a warm welcome and I appreciate you inviting me here to speak to this group. I want to thank you and your team, Tony and others, from the Rural Business-Cooperative Service for all the hard work you guys have done to stand up this program. I'm really pleased to be able to be a part of this kickoff meeting and an opportunity to address this group. I will say a few words today but mostly I want everyone on the webinar to note that Rural Development is looking forward to hearing your views on how we can work together to achieve our shared goals. Of increasing the accessibility of higher lands ethanol and also to achieve the broader goals of energy, security, reduction of air pollution and economic development in rural areas. For those of you who are familiar with USDA rural development I would like to give a big overview of what we do.

Our mission is to help improve the economy and the quality of life and rural America through our financial support and investment in business and economic development. Community facilities, housing and infrastructure including water, electricity, and broadband. As part of this mission, we will be implementing the USDA Higher Blends Infrastructure Incentive Program. We call it HBIIP which is designed to work to use of biofuels by increasing the investment availability. It will help American agriculture better meet future global the mental biofuels and encourage a more comprehensive approach to marketing higher blends a bite lowering the cost related to building out biofuels related infrastructure. By expanding the availability of funds, we will give consumers more choices when they fill up at the pump and including environmental-friendly fuel with decreased emissions. In other words, it is good news for the American consumer and for the rural economy. And there is money behind this initiative. As you know, Secretary Purdue announced that USDA intends to make available up to 100 million dollars in competitive grants for activities designed to expand the availability and sale of renewable fuels.

There are a few things that you need to know. First application window for grants opens this Friday May 15th. Grants will be available for up to 50 % of the total eligible project cost but not more than \$5 million. These grants will lower the out-of-pocket cost for businesses like yours to install and or upgrade fuel dispensers, infrastructure including storage tanks and systems and related equipment. USDA plans to make available approximately \$86 million to refueling stations for implementation activities related to higher blends of fuel ethanol. And approximately \$14 million of refueling stations and implementation activities related to higher blends of biodiesel. The goal is to distribute program funds broadly across cities, dates, and regions that may not otherwise participate. And more information can be available at RD.USDA.gov/HBIIP. That is RD.USDA.gov/HBIIP. I hope you're as excited as we are and it is like to have some good news in the midst of a very challenging time for country. Let me close today by thanking you for the opportunity to be a part of today's webinar and I look forward to hearing the rest of the webinar and learning how this might be helpful to you. Thank you very much.

Thank you, Bette. Thank you for joining us today. We note the recent days have been extremely busy and I'm glad you can connect and share some insight. As a major brand of mention we have some goals of reaching across the country throughout a variety of a few graphic areas with the program. We note that their difference levels of interest as it relates to availability a higher blend fuels throughout the country. We're looking to have broad impact across

the country with this impact. To do that we note that we will need to really work with owners across the country of all sizes and types. We're really trying to design this program and our application program to make it accessible to all. We do have the ability to serve larger store owners with a number of doors that are interested at the time within the program. But the focus is on servicing large smaller store owners throughout the country. We have some goals of serving across all geographic areas. We're glad you can join in I will turn this over to Tony Crooks. Tony has been one of our staff developing the program and working on the systems and structures and intake system we are developing. Tony has as much knowledge as anybody on a staff about this and I am glad that he can join us. He will walk us to the orientation and insight. Tony, I will turn it over to you. Thank you.

Thank you, Mark. I appreciate that. These are the things we will address today. First a bit of housekeeping. We invite you to ask questions about HBIP during the presentation. We are recording the event and we can provide information about the event so you can download. Today we will touch on a few things. Orientation to the program itself as we touch on the highlights, important elements of the program. We will talk to you about how you can enroll in the program. We will list some specific days and then we will tee up the question and answer session. Let's get right into it.

What does the program do? The goal is to significantly increase the sales of higher blends and ethanol and biodiesel. By spending the infrastructure for renewable fuels derived from U.S. agriculture products.

Who may apply? Owners of transportation fueling facilities. Fueling stations, convenience stores, hypermarket fueling stations, fleet facilities and similar entities with capital invests minutes. Terminal operations depose Mr. partners and similarly equal relevant operations. Funding is available up to \$100 million to available eligible participants. 86 million is available to transportation fueling facilities. For activities related to higher blends of fuel ethanol. All right. Activities related to higher blends of fuel ethanol, greater than 10 % ethanol including 15 and the 85. 40 million is available to transportation fueling facilities and biodiesel distribution facilities. For activities related to higher blends of biodiesel. That is greater than that five % biodiesel including the B20 or higher. As Bette stated earlier grants for up to 50 % of total eligible project cost, not to exceed \$5 million whichever is less.

How must the funds be used? They can only be used for eligible equipment, infrastructure and related expensive to support the sales and use of higher biofuel blends. These are eligible, facts about eligible project cost. We incurred during the grant period. There for purchase, installation and retrofitting of fuel dispensers related equipment and for infrastructure to support higher blends of biofuel sales. Construction, replacement, improvements, fees, construction permits and licenses and professional service fees.

The grant period let's talk about that. The grant period is the period that extends from the effective date which is the execution of your grant agreement through the expiration date. The H bit grant period is not to exceed 18 months. Unless otherwise specified in the grant agreement that is agreed to by the agency. The grant period begins with the execution of the grant agreement and it is not to exceed 18 months unless otherwise specified in the grant agreement or by the agency. So the major question there is a when can I start recording equipment and scheduling contractors. You can do that now. Just remember cost incurred prior to your signing the agreement is not eligible project cost. We anticipate award announcements and obligations and grant us confusion to begin in September. There is a matching fund, cost-sharing requirement of at least one dollar for every dollar in grant funds provided. Providing this table just to show you a little down of estimated funding and where those sources might be from federal or applicant, state and local authorities, from other independent providers and it comes in cash or in-kind eye you. We anticipate that there will be a number of you that will make arrangements with private entities, commercial vendors of stool and agricultural commodities, renewable fuel promotion agencies, statement programs and private sector. There are number of folks out there looking forward to supporting you in these projects. Here's a little bit about the requirements around matching funds. They are required to receive the HB grant. They are secured by the applicant matching funds are defined as the remainder of all eligible project cost not covered by grant funds. They consist of cash and in-kind contributions. There is no in-kind contribution for the applicant. That is not allowed. You must have a written commitment for each one of your matching fund commitments. I'm sorry, you must have a written commitment for each one of your matching-fund to see what I'm talking about a big statements for cash, letters for commitment for in-kind contributions.

It may not be from other federal grants and they may include [Indiscernible] contributions. There is a targeted assistance goal established for applicants owning the fewest number of transportation fueling stations and owning at least one of course. 40 % of funds are for activities and investment involving transportation fueling facilities. We expect to the assistant to be exhausted owning 10 fueling stations or for you. There is a consideration for geographical diversity. It is afforded to transportation fueling owners based on the location of the proposed facilities.

This is not a rural area requirement. This is based strictly on the location of the facility, of the fueling station. Is it located along an interstate highway? is it the sole station in an area? is this station located in the 22 Western states or those states west of the Mississippi River? is it located in the six New England states? these are all specified in the NOSA.

The number of awards for this program would depend on the number of eligible participants and the total amount of requested funds. In the unlikely event that every successful applicant is awarded the maximum amount available of 5 million there will be 20 awards however we intend to make approximately 150 awards and provide assistance to 5800 locations of from this solicitation. So how do we get started? Bette already gave your web address so we invite we invite you to click that and look for the overview button on the far left-hand side and once you click that you will see our program page and invite you to click the to apply task. Under that list you will see a checklist for online application systems. Open that up. And will talk about enrollment.

If you read our notice that we publish in February to announce the future of coming notice we encourage you to start getting together some certifications and securities involving the [Indiscernible] your tax identification number. The SAM code and the USDA application to obtain access to the online application system. If you're just starting that now here is how you can get, here's the number you can call or the address you can go to get started getting your identifier number. Here is also, once you obtain that you can use it to register your SAM and encoder task code and expiration date and finally create your USDA authentication account at this address. We started out requiring this level to access and it turns out that because of the COVID pandemic circumstances and limitations around that we are only recommending level to access. It will eventually be required but if you have trouble obtaining a level II access there are certain provisions allowing you to apply with a level one. Let's open the online access request.

If we click on that under the two apply tab you will see the request and you have completed this by creating both the company account and selecting both the company account and a user account at the top of the form. And provide your companies legal name, company [Indiscernible], UBI and the SAM page code. Then your select from the four applicant types, the one that applies to your application. Are your company, fueling station and applying as such, applying as an owner of grading than 10 fueling stations, are you applying as a fleet facility or a fuel distribution facility?

The application, the online application will be driven by your selection as your applicant type. There are specific requirements and provisions for each one of these types and there is also a specific set of supporting documentation that we will be requiring so your selection here will drive the rest of your application process. One more item. You will want to enclose at least one person in the user authorized user information. But enclose any, everyone else you want to have access to your account. We recognize that there are a number of you will be hiring someone to help you with this application. It is not completed for you so you will be required to list them on this form and along with their security information. This will give them access to your application. [Indiscernible - audio cutting out] by attaching the encrypted form and into an email and submitting it to me requesting access to the online application system. Allow at least two business days to process your request. If you do encrypt your email, please send a second email immediately with the encryption password on that form. To that form rather.

Upon approval your companies authorized rifle users will each receive an email from ad RD.admin [Indiscernible] [Indiscernible - audio cutting out] and paste it into a Google chrome Internet browser and hit enter and then bookmark it for future use. As Bette said earlier, May 15th is a magic day. That is when our online application system goes live. It is when the solicitation of application is published in the Federal Register to announce that beginning and ending dates for the 90-day HBIIIP application window. In the meantime we recommend that you click on, go back to the [Indiscernible] page and click on the HB online application instructions and user guide. Will have it on the website available tomorrow. There is a list of supporting information. It is also provided there that you can click on and download and many of these things will be required as a reference guide as you work your way through the application. This is the front page of the user's guide and the table of contents. I recommend that you become very frugal with this. This will take you step-by-step through the application system. And through the process all the way through to including submittal. Then I invite you to work your plan. I know I raised a lot of eyebrows when I indicated that there is an estimated 70 hours and investment on your part to complete this application. You were thinking largely about the retailers, the larger retailers that are going to be applying and we expect them to spend at least that much. Owners of 10 stations or fewer however would not be required of them. In the meantime, I invite you to read the necessary application elements and the online system on Friday.

Let's talk about some important dates. So will start accepting the Roman requests tomorrow. Along with the system going life. Next Tuesday at 2:00 we will provide another training webinar. This one will emphasize [Indiscernible]

applications and we will talk about the requirements [Indiscernible - audio cutting out]. We will talk about fuel distribution facilities in depth and their requirements and [Indiscernible] of their applications. We have another webinar for the first Tuesday in June and we entirely [Indiscernible - audio cutting out] but we will allow you to drive the agenda of that and will set up the things that become important to you as you start to work through the [Indiscernible]. We will schedule another webinar [Indiscernible - audio cutting out] as we need to. Provided application window opens on the [Indiscernible] and will close about the 12th of August. Applications will no longer be accepted [Indiscernible - audio cutting out]. Will publicly announce when [Indiscernible - audio cutting out]. We will keep you preys on the countdown in the event section on the events tab of the countdown talent or to let you know when the application window is closing. What is next? after the window closes in August the agency will review every application for eligibility and completeness. Then we will provide all of the eligible and complete applications to our designated evaluation panel. And set up the competition. We expect [Indiscernible - audio cutting out] and will then write to the participants and informed them of their selection or [Indiscernible - audio cutting out] along with the announcements of awards and obligations. Will issue grant agreements and then you can [Indiscernible - audio cutting out].

Hello. This is Kelley Bogle. Tony, I had a hard time hearing you there at the end but I think you have introduced me. I'm happy to be here today. I have posted questions for you and Mark to answer. I think you have racked up over 40 questions in the Q&A box and will start a question about the funding. The question is it a \$5 million per project or per company on the application?

Per applicant as we consider the application as a project. [Indiscernible - audio cutting out]. Whichever is the lesser.

Some of it was a little bit hard for people to hear because the sound is breaking up but I want to assure everybody that we will be posting answers to the questions and that will be made available after the recorded session has been posted as well. I will move on to the next question also funding question.

Concerning the \$5 million. The question reason what if not all of the money is spent. Will you increase the \$5 million For applicants?

No, we will not.

Okay. Tell us a little bit about the deployment of the program and the question is about how will the grants be distributed or will it be through the state offices or will the applicant be working mainly with the national office? [Indiscernible - audio cutting out].

Thank you. That answer, if anybody cut a little bit of the background noise on that it is a national office that you will be working with. State offices will have information about the program. They will state an injury coordinators, rural development and state directors would have the information as well if you do have questions and you can outreach the National Office, or the questions posted do not answer your questions. Moving on to the next question. This is a question about eligibility of the fuel. The question reads is dairy digester or biogas methane an eligible fuel? Tony? [Indiscernible - audio cutting out].

Okay. If you had trouble hearing the answer biogas, methane would not be eligible fuel. The fueling stations are to be ethanol and on the biodiesel side that is going to be more of your terminal style. Along those lines another question was popped up relating to diesel and the question reads, if you will please answer, is renewable diesel eligible?

No, it is not. Biodiesel [Indiscernible - audio cutting out].

Another question comes in a little bit about the geographic diversity that you covered in the PowerPoint presentation and it reads how will you determine geographical targets?

I have been informed that I need to turn on my microphone. Does that help? is any better?
We hear you loud and clear now. Thank you grant. Would you mind asking that again please.

The question is about the geographic diversity of the target and there is a question asking how will you determine the geographical target?

Is based on the address and ZIP Code of the location, of the fueling station location.

In the online application there is a box to check to indicate for the geographic diversity locations. That will be supported by the fueling station address that you provided in the form. And your technical report document. Thank you, Kelly.

Great. We heard you loud and clear on that one too. The next question is as a quest to repeat it an important date or time period and this is always helpful sometimes to repeat it. How long will the application process remain open?

The application window is for 90 days. Whenever the opening date is we count 90 days and that is the closing date. If it is on the 15th we have done the counting. It is August 12th. Otherwise the Federal Register notice will announce those dates. And we will make them available on the website so it will be clear to everyone.

Thank you. And this question is about just application processing itself. How long does it take typically to complete the [Indiscernible], SAM and authentication process.

It will take you a number of days to do that. And your SAM registration, I understand it will require some type of certification in person. It will take days to do that.

So that was confirmed at least 30 days to do that. I'm sorry. I cannot hear you. Weeks? 10-Q.

The next question is a little bit about the formation of the application, and it is asking how many sites can you apply for on one grant. For example, one corporation name for several different sites. Is there a limit?

We have not put a limit on that. You tell us how many locations you want to distribute that or 50 % of your eligible project cost. [Indiscernible - audio cutting out].

Okay. Thank you. The next question is a little bit about the preferred level two authentication. How do we specify a level II access in the enrollment process.

Go to identification and will guide you through the steps.

Okay. Thank you.

I will put that slide it back up.

Next question is a question a little bit about the match. Are time label labor and material and installation of the fueling canopy eligible for grant funding? if yes will the cost share be at 50 % or 25 %?

We have discussed this. So long as, first let's talk about flying conflict. With the replacement of the dispensers or the related equipment is involved with the underground storage that is also eligible. If you are paving your entire parking lot that is not eligible. [Indiscernible - audio cutting out] you already be installing that canopy regardless of the requirements of the HBIIP. [Indiscernible - audio cutting out] replace those in and existing station because that doesn't contribute to higher blend fueled. The canopy under no subject Nessus is going to be eligible for examining. Thank you for the response and just to enforce that the canopy will not be eligible at either 50 % or 25 %. It is not an eligible cost or material or labor that can be included in the application. And project cost. Thank you.

Next question is a little bit already looking forward. Is this a one-time opportunity or will the program be available on an ongoing basis?

[Indiscernible - audio cutting out]. They were talking about multiyear programs because [Indiscernible - audio cutting out] so I can only promise you that this year's program and a 18 months and [Indiscernible - audio cutting out] is all we have.

Okay. Thank you. That is a hard one to answer. Next question. Is a little bit about geographic chartering for the program. It was mentioned that the stronger consideration will be given to the Western 22 states and states. But will the Southeast Asia will be eligible. Of course there. But they don't get geographic priority points. But yes, owners in every state in the union and its territories are eligible to participate in this program. We're trying to get as many biofuels as far and wide as we can out West. Thank you.

Our next one somebody is potty the timeline already. Once the grant is over what will be the time period to read port your USDA will want and what kind of information will they be looking for or need according to our grant agreement? That information will be specified in the grant agreement. Right now we're looking for our POS information and we're looking for five years of reporting. That is on an annual basis. During the A-Team is that you are executing will require reporting your progress.

Thank you for the response. Moving onto the next question. This is a question about applicant eligibility. If I own a fuel terminal and [Indiscernible] how can be considered for both?

You may not be considered for both. You may apply for one or the other.

Thank you very much. The question is a little bit about the distribution of stations per applicant. What if you have more than 10 fuel stations but you want this grant for one of your fuel distribution facilities, will it still take 78 hours to complete the application?

[Indiscernible - audio cutting out]. With more fueling stations or greater -- you may apply for a fueling stations, grant for fueling stations to install [Indiscernible - audio cutting out]. You can apply for fueling station grant for a new distribution facility. You cannot apply for both. If you apply for the fuel distribution facility you don't have the consideration for 10 fueling stations or less or more. I think that after that. What other element was it to that question? Will it take 78 hours?

[Laughter]. The time required to complete the application is driven entirely by the sight of your project. More will be required of greater and larger projects. That the simplest way to say it.

Thank you. Another question about the \$5 million For projects. This question says can we apply for more than the amount of 5 million just in case some of the projects don't get approved?

Just in case. The answer to that is no and it is for two reasons. Because your grant funds and matching funds = toll eligible project cost. More importantly we don't allow you to do that in the outline application. We have [Indiscernible - audio cutting out] the program requirements. [Indiscernible - audio cutting out]

Thank you. Now I will give you a thoughtful question Tony. The question is can these funds be used to support the build of a biofuel production facility?

They cannot. These funds are used for fueling stations and fuel distribution facilities.

Very good. Thank you. We still have a lot of time but we keep having questions communion. I will read this one from a local store owner. He says I am a single store owner who is working on a second location. My construction for the second store is scheduled for late summer. Do I need to apply twice if I want to apply for the grant for both stores?

That is a very good question. First of all you are who we are looking for as a single store owner so we would highly encourage you to apply. My recommendation is for you to apply as an owner [Indiscernible - audio cutting out] or fuel or and that you list the [Indiscernible - audio cutting out] during the grant period. And then you'll be guided through the application to complete the requirements for that second store.

Okay. Thank you very much for the answer. Again I want to remind everyone if you have followed questions to the response that you heard will be posting the answer as well. Now the next question, back to the application process itself and Tony this one ask you to describe a little bit the environmental review document. If you could you talk about what kind of environmental guidelines are posted on the website.

I recommend that you go to [Indiscernible] to apply tab and look for that and we will [Indiscernible - audio cutting out] next week. I would appreciate it.

Thank you. As Tony mentioned the website there is an environmental guideline that you can go to and as a preview of what to expect in the application process.

Next question. It is from a multi-store owner and this reason we have a chain of 14 stores. What are the chances of our small chain having a chance at these funds?

it seems as though the cutoff is at 10 chains.

I understand that. Your chances will be driven entirely by the activities that you select on the application worksheet. You have to apply as owner of more than 10 stations but your chances do have a targeted assistance for owners of 10 or fewer. You have a strong chance because of that number of projects that you have and the activities that you would select to perform again your execution. I will say that there are, [Indiscernible - audio cutting out] equally as strong as others in your cohort.

Next question. This is about eligibility. They asked our city and County fleet facilities stations eligible to apply?

Yes they are. They would apply as a fleet facility. We were to encourage the application.

Fantastic. Next question. It is a little bit asking you to follow up on an answer that you provided about matching funds. The question really is getting down to when is the earliest we could start to spend money without worrying about missing out of matching funds?

Matching funds of funds as you are providing to another party. The person is asking about the matching funds in the sense that when is the earliest time they can spend funds without missing out on actually the grant funds? When can they begin construction. When is it safe?

Let's talk about the grant period and what that means. There we go. When I start purchasing equipment and contracting. You can do that now. Any cost that you incur prior to signing the grant agreement is eligible project cost. My recommendation is that you spend money after you have signed the agreement and that you don't do it before then. So if anything that you can make arrangements for [Indiscernible - audio cutting out] would add more time.

We're about wrapping this up and we Kelley? let me finish the question and then we'll wrap it up. One more question after this one and then we are ready to end.

Let me repeat what I said. That you not spend money prior to signing the grant agreement because you cannot be reimbursed for that and the grant funds cannot be used for that. We anticipate doing that with the grants in September.

Okay. Thank you, Tony for that answer. I know that is really important to a lot of people. We will get that in writing for you so that it is very clear. We will let you know in your grants agreement that that will be stated very clearly as when you are eligible for funds and construction because I know a lot of people have questions about passing through the environmental check. We will get to that on the next webinar. The last question, we did want to cover just because we have been in discussion about it is our aboveground storage tanks at distribution facilities eligible? can you briefly answer that?

Yes, they are. Of both above ground are eligible for field facilities and for existing fueling stations.

Okay. Great. With that I think we're ready to hit the stop button, but I wanted to say thank you very much and again you ask a lot of great questions. We will be posting the written questions for all of you who have audio difficulties and there were a lot of questions that we did not get to. In total we had over 140 questions, but we thank you for your attendance today and we will look forward to hearing you and your questions on the next webinar and also please do refer to the website. The PowerPoint will be posted up there so you can flip to that. You can explore some of the links that are in there and that will get you to greater orientation as we get ready for the sign-up or the application rollout for this that Tony mentioned that is May 15th. Again, thank you for attending and will be hitting the stop button now. Thank you.

Goodbye.

[Event Concluded].