

**NOTICE OF GRANTS AVAILABILITY
AND
REQUEST FOR PROPOSALS
FOR GRANTS TO FUND PROJECTS DESIGNED TO
ACHIEVE FUEL OR AIR EMISSIONS BENEFITS FOR CALIFORNIA CONSUMERS**

Deadline for Grant Applications: 5:00 PM (Pacific Time), Monday, May 3, 2010.

The Reformulated Gasoline Settlement Fund is now soliciting applications from nonprofit organizations for grants to fund projects designed to achieve fuel or air emissions benefits for consumers in California. The grants will be made as part of the settlement of *In Re: Reformulated Gasoline Antitrust and Patent Litigation* (MDL, Case No. 05-1671 CAS (VBKx) C.D. Calif.

The Reformulated Gasoline Settlement Fund

The Reformulated Gasoline Settlement Fund is the result of the settlement of fourteen class action lawsuits against Union Oil Company of California and Unocal Corporation (Unocal). In these lawsuits, Plaintiffs claimed that Unocal affected the price for CARB-compliant summertime reformulated gasoline in California by urging the California Air Resources Board (CARB) to adopt its proprietary formula for summertime reformulated gasoline. Unocal denied any wrongdoing or that gas prices increased as a result of its actions.

Before trial, the parties agreed to settle the class actions. After preliminary court approval of the settlement, Unocal deposited \$48 million into the Reformulated Gasoline (RFG) Settlement Fund. The court agreed that it was impractical to attempt to disseminate the settlement fund to individual consumers and instead ruled that the fund should be used to benefit California consumers in the next best possible way (“*cy pres*”).

The Purpose and Magnitude of the Settlement Fund

The Settlement Agreement provides that after deduction for court-authorized attorneys’ fees and costs, including the costs of notice, administration and tax expenses,

“The Settlement Fund shall be distributed in the form of a *cy pres* payment to one or more qualified recipients to be agreed upon by the parties (such agreement not to be unreasonably withheld) and by the Court. The *cy*

pres distribution shall be designed to achieve a fuel or air emissions benefit to the Class.” (Settlement Agreement, paragraph 14.)

Under the Settlement, the parties agreed to distribute 25% of the net proceeds (approximately \$7 million) through an open competitive Grants Program; funds would be directed to nonprofit organizations for projects to achieve vehicle emissions or fuel efficiency benefits for California consumers. Grants would be awarded following an application, due diligence and court approval process.¹

Oversight of the Settlement Fund and Open Grants Program

Plaintiffs selected Harry M. Snyder and Carl K. Oshiro as Cy Pres Fund Administrators to (a) conduct the application and due diligence process, (b) assist the parties in requesting court approval of grants, (c) negotiate, draft and execute Grant Agreements following court approval, (d) monitor the progress of grants and expenditure of grant funds, (e) authorize grant payments under the Grant Agreements, and (f) periodically report to Plaintiffs and the court. After notice and hearing, the court appointed Harry M. Snyder and Carl K. Oshiro to serve as Cy Pres Grants Administrators for the Open Grants Program.

Example Project Categories Suitable for Funding

The goal of the Open Grants Program is to fund projects that will deliver benefits related to reductions in vehicle emissions and/or fuel use through a broad range of strategies. Since the Settlement Fund was created as a result of legal action related to motor vehicle fuels, most, if not all, of the projects funded via the Open Grants Program will involve reducing vehicle-related emissions or fuel use. The program seeks to fund exceptional projects yielding real-world results. The following examples illustrate potential categories of projects that might be funded. ***The list is not exhaustive and the program encourages innovative proposals on appropriate topics even if they are not listed below.***

Examples include projects that:

- Reduce diesel emissions (e.g., projects to retrofit existing or provide purchase incentives for new school busses; to reduce port-related emissions; to modernize outdated truck fleets; to reduce emissions from locomotives; to reduce transit emissions);

¹ The parties intend to use the remaining 75% of the net proceeds (approximately \$21 million) to fund a separate Scrap and Repair Program that will scrap and repair high emitting vehicles in California.

- Increase the use of alternative-fuel vehicles (e.g., projects to convert taxicab fleets to hybrid/electric vehicles; to upgrade car-sharing fleets to hybrid/electric vehicles; to provide infrastructure to support alternative-fueled vehicle refueling or charging; to convert hybrid/electric fleet vehicles to plug-in hybrids)
- Increase transit use and shared vehicle use (e.g., projects to expand the use of existing transit subsidy programs by the public; to expand school bus use; to increase car share and bike share rates of use)
- Educate targeted groups (e.g., projects to train fleet operators and drivers to reduce/minimize diesel bus and/or truck idling; to promote eco-driving as part of driver education and other programs targeting young drivers; to train and assist local officials in designing and implementing effective local strategies to improve air quality and/or fuel efficiency, particularly regarding vehicle use)
- Reduce the pool of high-emitting vehicles (e.g., projects to optimize or improve the identification, repair, or replacement of high-emitting vehicles – particularly those emphasizing replacement, rather than repair, of high-emitters)

The overall program goal is to reduce emissions and fuel consumption, which includes reducing exposure to vehicle-related pollutants, particularly for susceptible population subgroups such as school-aged children, the elderly, and individuals with pre-existing respiratory or heart conditions. Therefore, an additional category of potential projects includes those designed to reduce exposure to near-source or near-road emissions (e.g., projects to reduce exposure for children in schools near freeways; or to reduce exposure for elderly individuals or those with pre-existing respiratory or heart conditions with high exposure to vehicle emissions).

Expected Duration and Size Range for Grants

Grants will likely range in size from \$500,000 to \$1,000,000. Because of the nature of the settlement funds, grants will be made on a one-time basis for specific projects. The duration of the projects should not exceed 36 months. For proposal preparation purposes, applicants should assume that awards will enable projects to begin October 1, 2010; the actual start date of projects will be a function of the proposal review and contract award negotiation processes.

Project Selection Criteria

Proposals will be evaluated on the following criteria:

- The degree to which the project will advance the purpose of the RFG Settlement and the RFG Settlement Fund (i.e., the degree to which the project will achieve fuel or air emissions benefits for consumers in California).

- The degree to which the proposed budget is appropriate, reasonable and cost effective in carrying out the proposed activities;
- The qualifications of the applicant, key personnel and partners and degree to which they have demonstrated the capacity to successfully implement the project.²

Where appropriate to maximize the clean air and fuel efficiency benefits to California consumers, applicants are strongly encouraged to partner with local air districts, other public agencies, and/or other organizations such as foundations or industrial organizations. These partnerships may take many forms, such as assisting with project implementation, publicity, public outreach and education, and funding. Although it is not a prerequisite, proposals are strongly encouraged that include matching or supplemental funding commitments from other public or private sources.

The Open Grants Program encourages, to the extent possible, projects that will result in sustained, longer-term reductions in emissions or fuel consumption, as opposed to one-time or short-duration program outcomes. Also, where possible, applicants are encouraged to design projects to take advantage of publicity and public education opportunities (e.g., by planning to place clean-air/clean-fuel signage or decals on alternative-fueled or low-emitting vehicles supported via the Settlement Fund).

We encourage the submission of effective emission reduction or fuel consumption reduction project ideas even if they are unable to incorporate all of the desired elements (matching funds, longer-term benefits, public education, and so on). We recognize that it may be difficult for a single project to address each of the desired elements mentioned above.

Grants will only be made to fund activities that have not been previously funded or that, but for the receipt of the grant, would not be fully funded. Grant funds must not be used to supplant or replace any existing or budgeted funds for any program, purchase or activity. Other sources of funding may not be reduced because of a grant award from the RFG Settlement Fund.

Funding is not available for conducting scientific, medical, clinical or academic research or for general operating support.

² The RFG Settlement Fund may make no awards if no satisfactory applications are submitted.

All grants are subject to approval by counsel for Plaintiffs and Defendants and court approval. Successful applicants will also be required to execute a Grant Agreement setting forth the terms and conditions of the grant, including payment and use of grant funds, reporting on the progress of the project and on the expenditures of grant funds and recordkeeping requirements. Grants are not final until a Grant Agreement satisfactory to the applicant and the Cy Pres Fund Administrators has been fully executed.

Eligible Applicants

Applicants must be nonprofit organizations under section 501(c)(3) of the Internal Revenue Code. In addition, nonprofit organizations must be registered (if required by law) and in good standing with the California Attorney General's Charitable Trust Registry.

TO APPLY FOR FUNDS

To apply for funds, complete the "Reformulated Gasoline Settlement Fund Application for Funding"³ and submit four hardcopies and one electronic copy (PDF format on CD ROM) to:

Harry M. Snyder
Carl K. Oshiro
Cy Pres Fund Administrators
RFG Settlement Fund
The Presidio
1008 General Kennedy Drive, Suite B
San Francisco, CA 94129
[415] 561-6747

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³ A downloadable copy of the Application for Funding in Microsoft Word format can be found at www.cypresfunds.net under Reformulated Gasoline Settlement Fund.