

CARL MOYER PROGRAM GRANT AGREEMENT
BETWEEN
THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT
AND
GRANTEE NAME

10MOYZZ

This Carl Moyer Program grant agreement (“Agreement”) is made and entered into between GRANTEE NAME, hereinafter referred to as “Grantee,” and the Bay Area Air Quality Management District, hereinafter referred to as the “Grantor” or “Air District,” hereinafter collectively referred to as the “Parties.”

RECITALS

- 1) The Carl Moyer Memorial Air Quality Standards Attainment Program, California Health and Safety Code section 44275 et seq. (“Program”), is an incentive program to provide grants in order to reduce emissions of oxides of nitrogen, particulate matter (PM10), and reactive organic compounds in the State from sources of air pollution, such as heavy-duty and light-duty diesel vehicles, off-road construction equipment, marine vessels and agricultural sources of pollution by measures such as replacement of engines with cleaner-than-required engines or installation of emission reduction equipment (“Equipment”).
- 2) The Air District implements the Program in the San Francisco Bay Area air basin in accordance with the criteria and guidelines of the California Air Resources Board (“CARB”) and the Air District.
- 3) The Air District determined that the Grantee has proposed a project that is eligible for Program funding and meets the CARB and Air District criteria and guidelines, including cost-effectiveness, based on the eligibility criteria and on information provided in the Grantee’s project application (“Project”).
- 4) This Agreement is made pursuant and in accordance with the requirements of the Program, established by the California State Legislature and implemented by CARB. All Equipment funded under the terms of this Agreement must be certified as required by CARB Program Guidelines. Any questions or disputes the Parties may have regarding the implementation of this Agreement shall be resolved in accordance with the guidelines for the Program as promulgated by CARB.
- 5) On July 30, 2008, the Board of Directors of the Air District approved the Air District’s recommendation to enter into a contract with Grantee to implement the Project, provided Grantee meets all of the Program criteria and guidelines.

SECTION I

GRANTEE AGREES:

- 1) To implement the Project in accordance with the terms and conditions of this Agreement and all attachments thereto. Failure to do so will be deemed a breach of this Agreement, and the Air District may terminate this Agreement pursuant to the termination provisions herein.
- 2) To maintain the Project Equipment according to the manufacturer’s specifications throughout the Project Term, this is set forth in Attachment A. No tampering or modification of the funded Equipment is allowed.
- 3) To complete the Project in accordance with the following payment and reporting conditions:
 - a) The Air District’s funding obligation under this Agreement is limited to the Total Grant Funds Awarded, specified in and limited by the conditions set forth in Paragraph 4 of Attachment A. Any Project cost overruns are the sole responsibility of the Grantee.

- b) Grantee shall submit an invoice to the Air District for reimbursement of eligible costs of the Total Grant Funds Awarded that were incurred to complete the Project that demonstrates compliance with the Project Description and the Project Schedule. The invoice shall itemize the total funds requested for this reimbursement, which shall include an itemization of payments to vendors, consultants, and contractors. The invoice shall also include copies of invoices that document the goods and services provided by vendors, consultants, and contractors and documentation of the total hours incurred to complete the Project, the hourly rates of any labor charges, the costs of such goods, and any other eligible costs. The invoice shall be submitted with a summary sheet that specifies the Program project number.
- c) Grantee shall submit the invoice by the deadline set forth in the Project Schedule set forth in Attachment A.
- d) Grantee shall maintain and submit records with the Annual Reports that document that Grantee has complied with all Project Specific Information, including but not limited to the Project Description, Operating Parameters, and the Project Schedule, set forth in Attachment A. Grantee shall maintain all records in a central location for at least three years following the end of the Project Term, as defined in Attachment A.
- 4) To allow the Air District, CARB, and their designated agents to inspect the Project and to conduct financial and performance audits of the Project. Grantee further agrees to cooperate fully with such inspections and audits, including providing copies of any Project records related to performance of this Agreement requested by the Air District or CARB.
- 5) To acknowledge the Air District and the Carl Moyer Program as a funding source for the Project in any related media events, articles, news releases or other publicity materials. Grantee must obtain prior written approval by the Air District in order to disseminate any report or other document describing the Program, the Project, or this Agreement.
- 6) To assure that all funds received under this Agreement are expended only in accordance with this Agreement and all applicable provisions of law and their implementing regulations.
- 7) To permanently destroy any engine(s) replaced as part of the Project and to provide documentation to support destruction of the engine(s). Failure to permanently destroy the engine(s) shall be deemed a breach of this Agreement.
- 8) To monitor the operational status of the Project Equipment throughout the Project Term. Grantee will notify the Air District in writing of any change in operational status of the Project Equipment funded and installed under this Agreement within 30 calendar days of its occurrence. For purposes of this Agreement, a "change in operational status" occurs whenever any Equipment funded under this Agreement is removed from active service, relocated outside the boundaries of the Air District, wrecked, scrapped, sold, or transferred to another entity, before full completion of the Project Term specified in Attachment A. If Grantee fails to provide the required written notice of a change in operational status on a timely basis, the Air District may require repayment of the Total Grant Funds paid, in accordance with the provisions set forth in Paragraph 15 of Attachment A.
- 9) To neither seek nor accept any additional grant funds or incentives from any State of California agency or any local air quality district in order to implement this Project. Grantee shall be deemed in breach of this agreement if Grantee seeks or accepts such funds or incentives and as a result, the Air District may terminate this Agreement and/or disqualify Grantee from receiving any future grant funds if Grantee violates this clause.
- 10) To obtain and maintain throughout the Project Term the insurance coverage specified in "Insurance Requirements," Attachment B, and to comply with all insurance requirements set forth therein, including the provision of documentation of said insurance coverage. Failure to obtain and maintain the insurance coverage and to comply with all insurance requirements shall be deemed a breach of this Agreement.
- 11) Grantee shall use the Air District's approved logo as specified below:

- a) The logo will be displayed on the vehicle(s) identified in the Project Description (Attachment A, Paragraph 6); and
 - b) The logo will be used on any printed material intended for public consumption associated with the Project.
- 12) To comply with all “Special Conditions” listed in Attachment A.

SECTION II

AIR DISTRICT AGREES:

- 1) To reimburse Grantee for eligible Project costs in an amount not to exceed the “Total Grant Funds Awarded,” set forth in Attachment A.
- 2) To endeavor to pay the undisputed invoiced amount of the Project Cost within thirty (30) calendar days of receipt of the invoice.
- 3) To deliver the payment following the Air District’s verification that Grantee has completed the Project. Verification by Air District will include physical inspection of any Equipment specified in Attachment A, confirmation that the Equipment is operational and in service, and has reviewed and accepted evidence of the permanent destruction of any engine(s) replaced as part of the Project.
- 4) To provide timely notice to Grantee prior to conducting an audit or inspection and to provide reasonable notice prior to an audit or inspection by CARB. “Reasonable notice” shall be based in part upon the advance notice Air District has of such CARB audit or inspection.

SECTION III

AIR DISTRICT AND GRANTEE AGREE:

- 1) **Project Term:** This Agreement will commence as of the Effective Date of this Agreement and shall remain in effect until the end of the Project Term, which is defined in Paragraph 7 of Attachment A, unless it terminates earlier as provided below.
- 2) **Termination:**
 - a) Either party may terminate this Agreement at will, and without specifying any reason, at any time prior to the Air District’s transfer of Project funds by notifying the other party in writing. The notice of termination shall specify the effective date of termination, which shall be no less than thirty (30) calendar days from the date of delivery of such notice. Notice shall be delivered in accordance with the Notice provision set forth in Paragraph 5 below.
 - b) The Air District may terminate this Agreement for breach of the Agreement by Grantee by giving a minimum of ten (10) business days written notice of delivery of such default notice to Project Sponsor and Project Sponsor does not cure such default within that period of time. The notice will specify the amount of Project Grant Funds to be reimbursed to the Air District, if any, which Grantee shall reimburse within thirty (30) days of the effective date of termination. The Air District shall calculate the reimbursement based on the repayment formula set forth in Paragraph 15 of Attachment A.
 - c) The Air District shall not pay any Project Grant Funds in the event that this Agreement is terminated and no funds have been expended by Grantee. If the Project has been completed and the Air District has paid the grant funds to Grantee, Grantee may not terminate this Agreement pursuant to subparagraph 2(a), unless it reimburses the Air District the amount of Project Grant Funds due based on the repayment formula set forth in Paragraph 15 of Attachment A.
- 3) **Additional Acts and Documents:** Each party agrees to do all such things and take all such actions, and to make, execute and deliver such other documents and instruments that are reasonably required to carry

out the provisions, intent and purpose of this Agreement. All attachments to this Agreement are expressly incorporated herein by this reference and made a part hereof as though fully set forth.

- 4) Indemnification: Grantee shall indemnify and hold harmless the Air District, its officers, employees, agents, representatives, and successors-in-interest from and against any and all liability, loss, expense, including reasonable attorneys' fees, or claims for injury or damages arising out of the performance by Grantee of its duties and obligations under this Agreement, and arising out of the operation of the engine and vehicle, vessel, locomotive or other equipment that is the subject of this Agreement by the Grantee or its officers, agents, employees, representatives and successors in interest.
- 5) Notices: Any notice required under this Agreement shall be in writing and made by personal delivery service, first class mail, or certified mail (return receipt requested) to the addressee for notice set forth below, or to such addressees which may be specified in writing by the Parties. Notices are effective upon receipt. Each Party shall promptly inform the other of any changes of addressees and any changes of address.

Grantee Company
Company Address
City, State Zip Code

Air Pollution Control Officer
Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109

- 6) Contacts: The Contact for the Grantee shall be the person named in the Project application, which shall also list the Contact's address, telephone number, fax number and email address. The Contact shall be the liaison to the Air District pertaining to implementation of this Agreement and shall be the contact for information about the Project. The Grantee shall notify the Air District of a change of the Contact's name or contact information in writing no later than thirty (30) days from the date of any change. The Contact for the Air District shall be the person named in the Air District's project application form. The Air District shall notify the Grantee of a change of the Contact's name or contact information in writing no later than thirty (30) days from the date of any change.
- 7) Project Number: All correspondence shall reference this Agreement, which is the same as the "Project Application Number."
- 8) Integration of Agreement: This Agreement represents the final, complete and exclusive statement of the agreement between the Grantee and the Air District and supersedes all prior and other contemporaneous understandings and agreements of the Parties pertaining to this Agreement. No party has been induced to enter into this Agreement by, nor is either party relying upon any representation or warranty outside those expressly set forth herein.
- 9) Amendment: This Agreement may not be modified except in writing, signed by both Parties hereto, and any attempt to modify this Agreement orally shall be void and of no effect. Any change in Project scope shall constitute an amendment under this Agreement.
- 10) Independent Contractor: Grantee is an independent contractor. None of Grantee's officers, employees, agents, contractors, subcontractors, or vendors shall be considered officers, employees, agents, contractors, subcontractors, or vendors of the Air District.
- 11) Assignment: Grantee may not assign, sell, transfer, license, or subcontract or otherwise transfer any rights or obligations under this Agreement without the prior written consent of the Air District.
- 12) Waiver: No waiver of a breach, of failure of any condition, or of any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy

shall be deemed a waiver of any other breach, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies. Further, the failure of a party to enforce performance by the other party of any term, covenant, or condition of this Agreement, and the failure of a party to exercise any rights or remedies hereunder, shall not be deemed a waiver or relinquishment by that party to enforce future performance of any such terms, covenants, or conditions, or to exercise any future rights or remedies.

- 13) Severability: If a court of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions thereof shall not be affected.
- 14) Effective Date: The effective date of this Agreement is the date the Air District's Executive Officer/Air Pollution Control Officer executes this Agreement.
- 15) Eligible Costs: Only Project costs incurred after the Effective Date and prior to termination of the Project or upon Air District's verification that Grantee has completed the Project, whichever occurs first, are eligible to receive Program Grant funds.
- 16) Cost Reduction: In the event that the "Total Project Cost" is less than the amount listed in Attachment A, the Air District shall recalculate its contribution to the Project in accordance with the provisions of Paragraph 4 of Attachment A.
- 17) Force Majeure: Neither the Air District nor Grantee shall be liable for or deemed to be in default for any delay or failure in performance under this Agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, judicial orders, governmental controls, regulations or restrictions, inability to obtain labor or materials or reasonable substitutes for labor or materials necessary for performance of the services, or other causes, except financial, that are beyond the reasonable control of the Air District or Grantee, for a period of time equal to the period of such force majeure event, provided that the party failing to perform notifies the other party within fifteen (15) calendar days of discovery of the force majeure event, and provided further that that party takes all reasonable action to mitigate the damages resulting from the failure to perform. Notwithstanding the above, if the cause of the force majeure event is due to party's own action or inaction, then such cause shall not excuse that party from performance under this Contract.
- 18) Governing Law: Any dispute that arises under or relates to this Agreement shall be governed by California law, including Health & Safety Code section 44280 et seq., its accompanying regulations and the CARB Carl Moyer Program guidelines, excluding any laws that direct the application of another jurisdiction's laws. Venue for resolution of any dispute that arises under or relates to this Agreement shall be San Francisco, California.
- 19) Emissions Testing: The Air District may conduct emissions testing, at its expense, on any Equipment that is purchased or modified as part of the Project, including a vehicle or vessel. Testing will be limited to no more than once per year during the duration of this Agreement. Testing will be conducted according to a schedule agreed upon by both Parties.
- 20) Emission Reductions: The Air District retains the exclusive right to claim any emission reduction credits under state or federal law that might result from emissions reduced by the Project implemented pursuant to this Agreement. The emissions reduced by the Project may not be used by Grantee to comply with any local, state, or federal air pollution regulation or law, or used to fulfill Grantee's obligations arising out of any order, settlement contract, memorandum of understanding, or other binding legal document.
- 21) Preliminary Inspection: At the Air District's discretion, Air District shall perform a preliminary inspection of the Project engine(s) or equipment prior to implementation of the Project. Grantee shall facilitate and cooperate with any Air District inspection. Grantee must demonstrate to the Air District that each engine to be replaced under this Agreement is fully operational at the time of the preliminary inspection. Grantee must also facilitate the Air District in obtaining and confirming equipment

information (e.g. Model year, serial numbers, power, etc.) at the time of inspection. For repower projects, failure to demonstrate that the engine(s) to be replaced is (are) operational at the time of the preliminary inspection shall be deemed a breach of this Agreement, and the Air District may terminate the Agreement.

- 22) Post-Project Inspection: Air District shall perform a post-project inspection of the Equipment funded under the terms of this Agreement to verify that the Project has been implemented according to the terms of this Agreement. Grantee shall facilitate the Air District inspection and make the new Equipment available for the post-project inspection. For repower projects, Grantee shall make the replaced engine(s) available for inspection or, at the discretion of the Air District and shall furnish documentation to demonstrate destruction of the replaced engine(s). The post-project inspection may include an operational test to verify that the Equipment is fully functional. Grantee must contact the Air District to arrange a post-project inspection and should provide at least 2 business days advanced notice for scheduling.
- 23) Compliance with Carl Moyer Program Guidelines: The Grantee agrees to implement the Project in accordance with all requirements of the applicable CARB Carl Moyer Program Guidelines. Any questions or disputes the Parties may have regarding the implementation of this Agreement shall be resolved in accordance with the applicable CARB Guidelines.
- 24) Enforcement: Both the Air District and the California Air Resources Board have the authority to inspect the Project, enforce the terms of this Agreement, and pursue repayment of grant funds for noncompliance with the terms and conditions of this Agreement or applicable state laws or regulations throughout the Project Term, as defined in Attachment A. The following circumstances are the bases under which the Air District seeks repayment of grant funds: Grantee's failure to comply with the terms of this Agreement, including the requirements set forth in Sections I.10 and I.11; Grantee's failure to implement the Project, as defined in Paragraph 6 of Attachment A; Grantee's failure to comply with the Project requirements set forth in Attachment A, including but not limited to the requirements of Paragraphs 8 and 16; and Grantee's actions specified in Attachment A, Paragraph 15, which could reduce the air quality benefits of this Project.

IN WITNESS WHEREOF, the Parties to this Agreement have caused this Agreement to be duly executed on their behalf by their authorized representatives.

SIGNATURES:

Bay Area Air Quality Management District

By: _____

Date: _____

Jack P. Broadbent
Executive Officer/Air Pollution Control Officer
Bay Area Air Quality Management District

Approved as to legal form:

By: _____

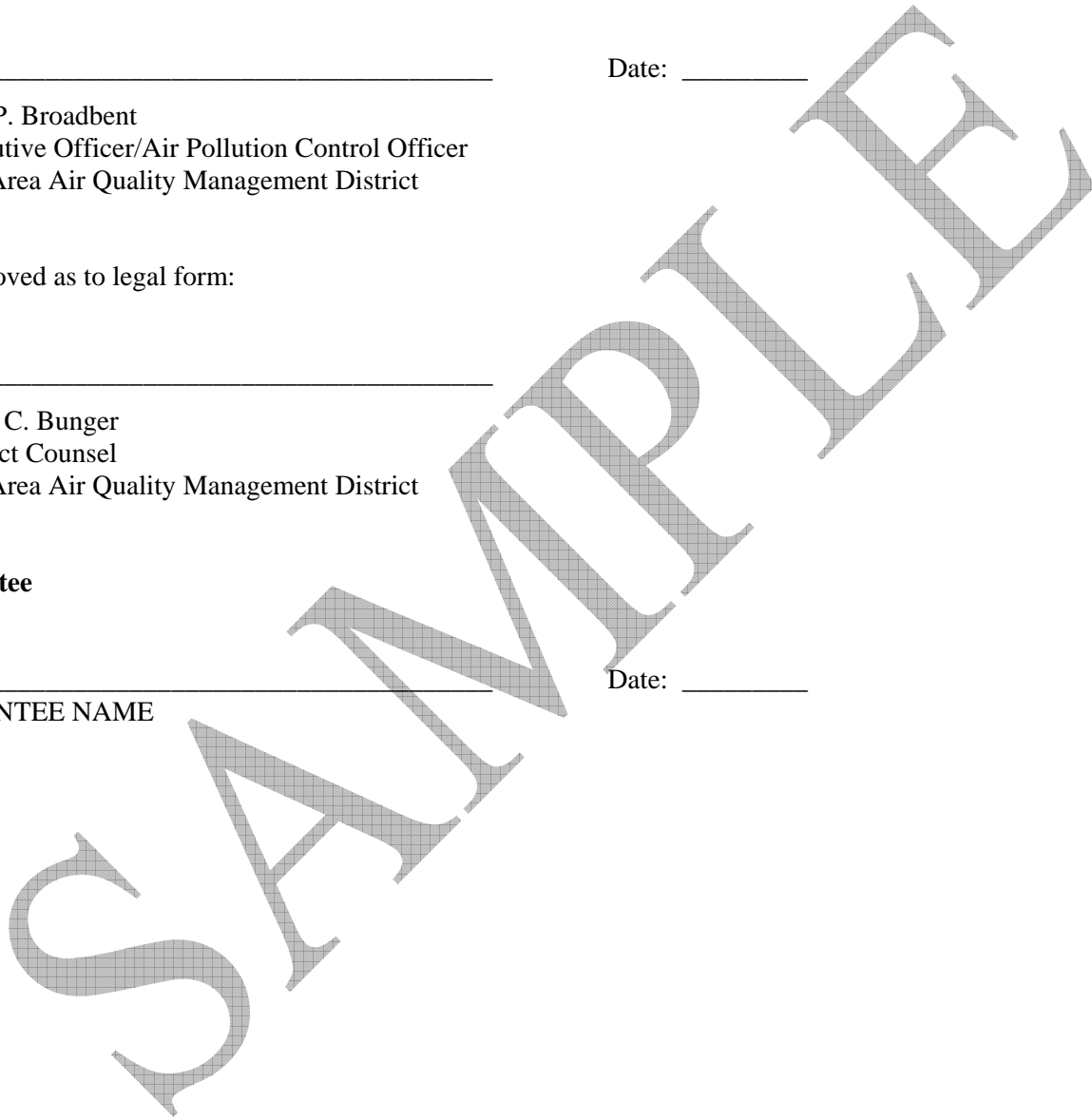
Brian C. Bungler
District Counsel
Bay Area Air Quality Management District

Grantee

By: _____

Date: _____

GRANTEE NAME



ATTACHMENT A - PROJECT SPECIFIC INFORMATION

[Note: The section numbers shown in parenthesis below refer to Sections in the Grant Agreement.]

The Carl Moyer Program application materials submitted by Grantee for funding consideration as part of the Air District's project solicitation (which closed on April 4, 2008) are incorporated herein by this reference. Should any inconsistencies arise between a provision of this Grant Agreement and a provision of the Grantee's application materials, the provisions of this Grant Agreement will prevail. (See Section III., 8.)

1. **Grantee:** GRANTEE NAME
2. **Project Number (Section III.7):** 10MOYZZ
3. **Air District Approval Date (Section III.14):** Effective Date
4. **Total Grant Funds Awarded (Sections I.3, II.1, and III.15):** Total Grant Award: \$ZZZ,ZZZ. The Air District will pay the Project Cost, less the baseline cost (i.e., the engine rebuild cost), up to a maximum of \$ZZZ,ZZZ. Air District grant funds may only be used for direct costs to purchase and install the Equipment described in this Agreement.
5. **Total Project Cost (Sections I.3 and III.15):** A detailed breakdown of project costs and equipment information is shown in Table 1.

Table 1: Detailed Project Description

Equipment ID (Description)	Baseline Equipment	Funded Equipment *	Baseline Cost	Project Cost	Total usage & Project life	% Operation in District (% in EJ Area **)	Funds Awarded
			\$	\$	hours # years	X% (T%)	\$ZZ,ZZZ
			\$	\$	hours # years	X% (T%)	\$ZZ,ZZZ
			\$	\$	hours # years	X% (T%)	\$ZZ,ZZZ
			\$	\$	hours # years	X% (T%)	\$ZZ,ZZZ
Total award:							\$ZZZ,ZZZ

* Grantee may propose Equivalent Equipment subject to advanced written approval from the Air District. The Equivalent Equipment must result in the same or better emissions reductions and meet or exceed the operational parameters specified in Attachment A of this Agreement.

** Percentage of usage occurring in impacted communities.

6. **Project Description:** Repower of ZZ vehicles.

Table 1 provides the details of the existing and funded Equipment. Any change in Equipment specifications or Project Description must receive written approval in advance by the Air District.

For repower projects the old engine(s) must be fully operational at the time of preliminary inspection by Air District staff. If the old engine(s) are not operational, the grant funding may be withdrawn by the Air District. The old engine(s) shall be destroyed upon completion of the project.

- 7. Project Term (Section III.1 & Section III.13):** The Project Term shall commence on the Effective Date. Unless terminated pursuant to Section III.2, this Agreement shall remain in full force and effect until the funded Equipment operates for the usage or years specified in Table 1, whichever comes first. In no event shall Grantee operate the Equipment less than three (3) years under the terms of this Agreement.
- 8. Operating Parameters:** Air District has awarded this Grant based upon Grantee's agreement to operate the funded Equipment for the usage identified in Table 1 of this Attachment. Grantee shall operate the Equipment within the Air District as specified in Table 1.

Pursuant to Paragraph 15 of this Attachment, Grantee may be required to repay Grant funds upon the occurrence of specified actions that would reduce the air quality benefits of this Agreement.
- 9. Project Schedule:** By no later than June 15, 2010, the Project must be completed by Grantee and inspected by the Air District, and Grantee must have submitted its request for payment in accordance with Paragraph 13 of this Attachment. See special conditions in paragraph 16 for additional project schedule information pertaining to the installation of the retrofit device.
- 10. RESERVED.**
- 11. RESERVED.**
- 12. Confirmation of Purchase Order:** Grantee shall submit a copy of the Purchase Order to the Air District within sixty (60) days of the execution date of the Purchase Order. If Grantee fails to execute a Purchase Order by the required date and to submit a copy of the Purchase Order to the Air District within sixty (60) days of the execution date, the Air District may terminate this Agreement.
- 13. Project Implementation Report and Request for Payment (Section I):** No later than thirty (30) days from completion of the work set forth in the Project Description, Grantee shall submit a Project Implementation Report, an IRS W-9 form and an itemized project invoice to request payment of the Air District grant funds. The invoice shall provide documentation for all Project costs and document the serial number for the Equipment purchased. If costs are incurred that are not directly related to the Project as described in Paragraph 6 of this Attachment, all such costs must either be deleted when the Project invoice is prepared, or clearly identified as costs that are not eligible for reimbursement by the Air District.

The Grantee may seek an interim payment from the Air District. To request an interim payment, the Grantee must submit an updated Project schedule that identifies the anticipated completion date, together with invoices for costs incurred to date, to the Air District. The Air District has the sole discretion to approve an interim payment for costs incurred to date.

Upon verification that the Project has been completed according to the terms of this Agreement, that the Equipment is fully operational, and that for repower projects, the old engines have been destroyed, the Air District will issue final payment of the grant funds.
- 14. Annual Monitoring Reports:** Grantee shall submit an annual monitoring report each calendar year for the Project Term (see Paragraph 7 of this Attachment), in a format approved by the Air District. The monitoring report shall provide information regarding annual fuel consumption, annual hours of operation, locations where the unit described in Paragraph 6 of this Attachment operated, percentage of operating hours within the boundaries of the Air District, and proof of insurance. The first annual report shall be submitted by August 1, 2009 to cover the period from July 1, 2008 through June 30, 2009. The first annual report shall include a report on the Grantee's progress in meeting milestones listed in the Project Schedule as set forth in Paragraph 9 of this Attachment. Subsequent annual reports shall be submitted by August 1 of each succeeding year with the final annual monitoring report due by August 1

in the last year of the Project Term. If Grantee fails to submit annual monitoring reports in a timely fashion, the Air District shall perform a project performance audit. Failure to submit monitoring reports may jeopardize Grantee's eligibility to apply for grant funding for any future projects.

- 15. Repayment of Grant Funds For Failure to Complete Project:** Grantee shall repay the Total Grant Funds Awarded on a prorated basis for selling, retiring, scrapping, or removing any Equipment from service within the boundaries of the Air District during the Project Term prior to having achieved the total usage of operation for the funded Equipment or for failing to achieve the total usage of operation by the end of the Project Term (see Paragraph 7 of this Attachment). The fraction of funds to be repaid will be determined by subtracting the usage of the Equipment at the time of sale, retirement, scrapping, or removal from service from total usage pursuant to Paragraph 7 of this Attachment and dividing that result by the total usage. Air District may waive such repayment if Grantee demonstrates that such events were beyond Grantee's reasonable control as determined by Air District.

This section will not be applicable if the Equipment is sold and the subsequent owner or operator of the Equipment signs a successor contract with the Air District assuming all obligations under this Agreement and guaranteeing that the Equipment will continue to be used to provide equivalent emission reductions.

16. Special Conditions:

- A.** Grantee shall ensure that the new engines installed per this Agreement are equipped with a tamper-proof, non-resetting hour meter.
- B.** The Grantee shall operate the Equipment funded under the terms of this Agreement within impacted communities throughout the Project Term for a minimum of the percent usage specified in Table 1 of Attachment A to ensure that the Project directly reduces particulate matter (PM 2.5) in impacted communities or helps to reduce public health risks associated with such air contaminants in the impacted communities. The impacted community parameter is based on the application materials submitted by the Grantee and is the basis for the calculation of emissions reductions achieved through the Project.
- The Air District defines an impacted community as a shaded area depicted on the PM Exposure Map, a copy of which is attached to this Agreement as Attachment C.
- C.** Annual Reports: The Annual Report shall document the percentage of time or mileage the Equipment funded under the terms of this Agreement has operated within impacted communities during the report period and that the Grantee has complied with the minimum operating parameters set forth in the application and this Agreement.
- D.** At the request of Grantee, the Air District and Grantee have agreed that the Air District shall pay the total eligible grant award to the equipment vendor designated by the Grantee. Grantee shall not see any funds from the Air District for the Equipment following the Air District's payment thereof.

ATTACHMENT B - INSURANCE REQUIREMENTS

Grantee to initial next to each checked box indicating they have read their project insurance requirements

Verification of Coverage:

Grantee shall provide the Air District certificates and/or other evidence of the insurance coverage required below. The Air District reserves the right to require Grantee to provide complete, certified copies of any insurance offered in compliance with these specifications. Certificates, policies and other evidence provided shall specify that the Air District shall receive 30 days advanced notice of cancellation from the insurers.

Minimum Scope of Insurance

Throughout the Term as defined in Section III of the Agreement of which this Attachment is a part, Grantee shall obtain and maintain in full force and effect the insurance as set forth below:

1. Liability Insurance:

Initial Corporations and Public Entities - a limit of not less than \$1,000,000 per occurrence. Such insurance shall be of the type usual and customary to the business of the Grantee, and to the operation of the vehicles, vessels, engines or equipment operated by the Grantee.

Single Vehicle Owners - a limit of not less than \$750,000 per occurrence. Such insurance shall be of the type usual and customary to the business of the Grantee, and to the operation of the vehicles, vessels, engines or equipment operated by the Grantee.

At the time the Grantee submits invoices for payment to the Air District, the Grantee must demonstrate that the equipment purchased in the Funding Agreement, of which this is an Attachment, is covered under the following property insurance, if grantee has not already demonstrated possession of this insurance to the Air District. The property insurance must remain effective from the date of the invoice to the Air District to the end of the project life as defined in Section IV of the Agreement.

2. Property Insurance for Repower and New Vehicle/Equipment Purchase in an amount of not less than the insurable value of Grantee's vehicles, vessels, engines or equipment funded under the Agreement of which this Attachment is a part, and covering all risks of loss, damage or destruction of such vehicles, vessels, engines or equipment.

3. Property Insurance for Retrofit Projects - 2003 Model year and newer vehicles, vessels, engines or equipment in an amount of not less than the insurable value of Grantee's vehicles, vessels, engines or equipment funded under the Agreement of which this Attachment is a part, initial and covering all risks of loss, damage or destruction of such vehicles, vessels, engines or equipment.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII. The Air District may, at its sole discretion, waive or alter this requirement or accept self-insurance in lieu of any required policy of insurance.

