

TRANSPORTATION FUND FOR CLEAN AIR FUNDING AGREEMENT

BETWEEN

THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT

AND

COUNTY OF CONTRA COSTA

PROJECT NUMBER: 08R85

This funding agreement "Agreement" is made and entered into between the County of Contra Costa (hereinafter referred to as "Project Sponsor") and the Bay Area Air Quality Management District, hereinafter referred to as the "Air District" (and hereinafter referred to jointly as the "Parties").

SECTION I

RECITALS

- 1) California Health and Safety Code Sections 44223 and 44225 authorize the Air District to levy a fee on motor vehicles registered within its jurisdiction and to use those fees to implement mobile source and transportation pollution reduction projects.
- 2) The Air District has established a grant fund, entitled the Transportation Fund for Clean Air ("TFCA") to implement such a program. Under the TFCA's Regional Fund Program, the Air District may issue TFCA funds to public agencies and, for certain vehicle-based projects, to other entities within the Air District's jurisdiction ("Program").
- 3) California Health and Safety Code Section 44241 lists the permissible types of projects, all of which must conform to the transportation control measures and mobile source measures that are included in the plan adopted pursuant to California Health and Safety Code Sections 40233, 40717, and 40919 and are in effect as of the date of execution of this Agreement.
- 4) On October 1, 2008, the Board of Directors of the Air District approved an award of a TFCA Program grant to the Project Sponsor to implement an eligible mobile source or transportation control project to improve air quality in the San Francisco Bay Area Air Basin based on the Program's eligibility criteria and on information provided in Project Sponsor's application ("Project").
- 5) The Air District and Project Sponsor desire to enter into this Agreement to implement the Project in accordance with the terms and conditions of this Agreement, including all attachments thereto.

NOW, THEREFORE, pursuant to California Health and Safety Code Section 44241, the Parties hereby agree as follows:

SECTION II

PROJECT SPONSOR OBLIGATIONS

- 1) The Project Sponsor hereby agrees to implement the Project, as described more fully in Attachment A, "Project Specific Information," and in Attachment B, "Project Description." Failure to implement the Project in accordance with the terms and conditions set forth in this Agreement and all attachments thereto shall be deemed a breach of this Agreement and may result in termination of the Agreement.
- 2) The Project Sponsor will complete the Project within the Total Project Cost. Allowable project costs are listed in the TFCA Line Item Project Budget. Only those allowable Project costs incurred following the Effective Date of this Agreement and prior to the completion or termination of the Project are eligible to receive TFCA funds. Any Project cost overruns are the sole responsibility of the Project Sponsor.
- 3) The Air District's funding obligation under this Agreement is limited to the TFCA Regional Funds Awarded. The Project Sponsor will contribute or expend the total amount of Matching Funds prior to submission of the Final Invoice. If the actual total cost of the Project listed in the Final Report submitted and approved by the Air District is less than the Total Project Cost, the Air District reserves the right to reduce the amount of TFCA Regional Funds Awarded at its sole discretion. The Project Sponsor is responsible for assuring that use of the Matching Funds does not conflict with any federal, state or local requirements for its use.
- 4) If TFCA Administrative Costs are included in the TFCA Line Item Project Budget, Project Sponsor will not use more than five (5) percent of the TFCA Regional Funds Awarded for allowable costs incurred in the administration of the Project. In the event that the actual project cost is less than the Total Project Cost, the amount of allowable TFCA Administrative Costs shall be reduced as described in Attachment A. Allowable project administrative costs are listed in Appendix C of the "2008 Transportation Fund for Clean Air Regional Fund Application Guidance."
- 5) The Project Sponsor will submit invoices on the Air District's Invoice Form for reimbursement of eligible Project costs and expenses consistent with the TFCA Regional Funds Awarded, Invoice and Payment Schedule, and Project Schedule. Invoices will include a summary sheet specifying the Project number; an itemized list of all expenses incurred; and the total funds being requested. The invoice will also provide supporting documentation such as copies of invoices from vendors, consultants, or contractors with an explanation of the goods or services provided for the Project and copies of time sheets documenting hourly labor costs incurred.

The Air District may withhold funds pending receipt of any report.

The Air District will retain fifteen (15) percent of the TFCA Regional Funds Awarded against each invoice paid until the Final Report is received and approved by the District. The 15% may be requested by a Project Sponsor in the Final Invoice.

- 6) The Project Sponsor must submit the Final Invoice for payment no later than ninety (90) days after the deadline to submit the Final Report, the requirements and deadline for which are set forth in Attachment C. The Air District will not process the Final Invoice submitted by the Project Sponsor until the Air District accepts the Final Report.

If invoices include TFCA Administrative Costs, the Project Sponsor must also provide supporting documentation of the costs incurred. Such documentation will include the dates such costs were incurred, the job titles and hourly pay rates of employees performing eligible project administrative tasks, tasks performed by those employees, the number of hours spent performing such tasks, and the total charges.

- 7) The Project Sponsor will allow Air District staff or its authorized representatives, for the duration of the Project and for three (3) years following the later of a) the Air District's payment of the approved Final Invoice after submission and acceptance of the Final Report or b) the end of the Project's Useful Life to inspect and audit the Project. During audits, the Project Sponsor will make available to the Air District all records relating to Project performance and expenses incurred in the implementation of the Project. During inspections the Project Sponsor will provide, at the request of the Air District, access to inspect the Project and information regarding the Project's status.
- 8) The Project Sponsor will prepare and maintain all necessary Project records to document Project activities and performance, including documentation to support the Project reporting requirements, set forth in Attachment C. The Project Sponsor will keep Project records in one central location for a period of three (3) years after the later of a) the Air District's payment of the approved invoice after submission and acceptance of the Final Report, or b) the end of the Project's Useful Life. The Project Sponsor will submit the following reports to the Air District by the specified due dates:
 - a. Semi-annual Report, and
 - b. Final Report.
- 9) The Project Sponsor will monitor the operational status of the Project for the Project Useful Life. The Project Sponsor will notify the Air District in writing of any change in operational status of any portion of the Project within thirty (30) calendar days of its occurrence. For purposes of this Agreement, a "change in operational status" occurs whenever any portion of the Project is removed from active service, relocated outside the boundaries of the Air District, inoperable, sold, or transferred to another entity, before full completion of the Project Useful Life. Failure to provide the required written notice of a change in operational status on a timely basis is a breach of this Agreement.

If the Project Sponsor seeks to transfer any Project equipment to another location within the Air District's jurisdiction, the Project Sponsor may seek a modification of this Agreement in advance to allow for such transfer. The Project Sponsor may not transfer the equipment without the prior approval of the Air District. Failure to obtain prior approval is a breach of this Agreement.

- 10) The Project Sponsor will maintain the portions of the Project funded under this Agreement according to the manufacturer's specifications for the Project Useful Life, except for advanced vehicle technology demonstration projects, as specified in Special Conditions, Attachment A.
- 11) The Project Sponsor will acknowledge the Air District as a Project funding source during the Project's Useful Life. The Project Sponsor will use, and require third parties who implement the Project to use, the Air District's approved logo for the Project, as specified below:
 - a. The logo will be used on signs posted at the site of any Project construction;

- b. The logo will be displayed on any vehicles or equipment operated or obtained as part of the Project;
 - c. The logo will be used on any public information materials relating to the Project, such as websites and printed materials, including transit schedules, brochures, handbooks, maps, and other promotional materials; and
 - d. The Project Sponsor will demonstrate to the Air District through evidence such as photographs of vehicles and copies of press releases that Air District logos are used and displayed as required.
- 12) The Project Sponsor will obtain and maintain throughout the Term of this Agreement the insurance coverage specified in Attachment D, "Insurance Requirements," and will 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.
 - 13) To the extent not otherwise prohibited by law, and to the extent required by the California Public Records Act (Government Code section 6250 et seq.), the Project Sponsor will place in the public domain any software, written document, or other product developed with TFCA funds as part of the Project and will require recipients of Project funds, if any, to do the same.
 - 14) The Project Sponsor will use TFCA Regional Funds Awarded only for the implementation of a project that results in surplus motor vehicle emission reductions within the Air District's jurisdiction. Surplus emission reductions are those that exceed the requirements of applicable regulations or other legal obligations (including contracts) at the time the Air District Board of Directors approves a grant award.
 - 15) The Project Sponsor will comply with all Program requirements set forth in the Air District's "Board-Adopted Transportation Fund for Clean Air (TFCA) Regional Fund Policies for FY 2008/2009," which are incorporated therein as Appendix A, and made a part of the "Regional Fund Grant Application Guidance for Fiscal Year 2008/2009," dated April 2008, and which are incorporated herein and made a part hereof by this reference as if fully set forth herein.

SECTION III

AIR DISTRICT OBLIGATIONS

- 1) The Air District will provide eligible TFCA funds for this Project in an amount not to exceed the TFCA Regional Funds Awarded.
- 2) The Air District will endeavor to pay the undisputed amount of an approved invoice within thirty (30) calendar days of the Air District's receipt of such invoice.
- 3) The Air District will provide timely notice to the Project Sponsor prior to conducting an audit.
- 4) The Air District will provide the Project Sponsor a copy of the fiscal and performance audits of the Project as specified in California Health and Safety Code Section 44242.
- 5) The Air District will provide the Project Sponsor all Air District-approved Regional Fund reporting and invoice forms.
- 6) The Air District will make its logo available to Project Sponsors.

SECTION IV
GENERAL PROVISIONS

- 1) **Effective Date:** The effective date of this Agreement is the date the Air District Executive Officer/Air Pollution Control Officer executes this Agreement.
- 2) **Term:** The term of this Agreement shall be from the Effective Date of this Agreement until the end of three (3) years from the later of either 1) the date of the Air District's payment after acceptance of the Final Report, or 2) the last day of the Project Useful Life, unless this Agreement is terminated or amended as provided below.
- 3) **Amendment:** This Agreement may not be modified except in writing, signed by both Parties hereto, and any attempt at oral modification of this Agreement shall be void and of no effect. Any change in Project scope shall constitute an Amendment under this Agreement.
- 4) **Project Liaison:** Within fifteen (15) days from the Effective Date of this Agreement, the Project Sponsor shall notify the Air District of the Project Sponsor's Project Liaison and of the Liaison's address, telephone number, fax number, and email address. The Project Liaison shall be the liaison to the Air District pertaining to implementation of this Agreement and shall be the day-to-day contact about the Project. All correspondence shall be addressed to the Project Liaison. The Project Liaison shall notify the Air District of a change of Project Liaison or of the Liaison's contact information in writing no later than thirty (30) days from the date of the change.
- 5) **Notices:** Any notice that may be required under this Agreement shall be in writing, shall be effective when received, and shall be given by personal service, by U.S. Postal Service first class mail, or by certified mail (return receipt requested). Within fifteen (15) days from the Effective Date of this Agreement, the Parties shall inform the other Party of the addressee for notice. Each Party shall promptly inform the other of any changes for notice. All correspondence shall reference the Project Number.
- 6) **Survival of Terms:** Any terms of this Agreement that by their nature extend beyond the term (or termination) of this Agreement shall remain in effect until fulfilled, and shall apply to both Parties' respective successors and assigns. Such terms include the requirements set forth in Sections II.7, II.8, II.9, II.10 and II.11.
- 7) **Termination:**
 - A. **Voluntary.** Either Party may terminate this Agreement by giving written notice to the other Party. 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 receipt of such notice. Notice shall be delivered as provided for in Section IV.5 above. If the Project Sponsor terminates this Agreement for reasons other than those set forth in the Early Termination provision below, the Project Sponsor shall not be entitled to the full amount of the TFCA Regional Funds Awarded. The Project Sponsor may retain or receive payment for that portion of the TFCA Funds to which they are entitled.

Unless the Parties have agreed to an alternative reimbursement formula, which is set forth in the Project Special Conditions, the Air District will calculate the amount of funds to which the Project Sponsor is eligible by a) dividing the amount of the TFCA Regional Funds Awarded by the number of years of the Project Useful Life, and then, b) multiplying that amount by the number of full years of operation completed at the time the Agreement is

terminated. If the Air District has paid the Project Sponsor more than the amount of funds to which the Project Sponsor is eligible, the Project Sponsor shall pay the funds owed to the Air District within thirty (30) days of the effective date of termination.

If the Air District terminates this Agreement pursuant to this provision, the Project Sponsor shall cease all work under this Agreement immediately and shall cease further expenditures of TFCA funds immediately upon receipt of the notice of termination, except for any work that the Air District has permitted in the notice of termination to continue. The Air District will reimburse Project Sponsor for eligible costs on the Project expended up to the effective date of the termination.

- B. Breach. The Air District may terminate this Agreement for breach. The Air District will deliver a written notice of breach that specifies the date of termination, which will be no less than ten (10) business days from delivery of such notice, and will provide the Project Sponsor the opportunity to contest such breach within that period of time. The notice of termination will specify the amount of the TFCA Regional Funds Awarded that the Air District has paid. The Project Sponsor shall reimburse any funds owed the Air District within thirty (30) days of the effective date of termination.

Unless this Agreement provides for an alternative reimbursement formula set forth in Special Conditions, listed in Attachment A, the Air District will calculate the amount of funds owed based on each year or part of each year of the Project Useful Life that Project Sponsor operated the Project prior to the breach. For example, if the Air District determines that the Project Sponsor breached this Agreement during the seventh year of operation of the Project that has a ten-year Project Useful Life, the Air District will reimburse the Project Sponsor up to the amount of the TFCA Regional Funds Awarded that represents six years of operations.

- C. Early Termination: Notwithstanding the force majeure provisions set forth in Section IV.14 below, the Project Sponsor may seek to terminate this Agreement prior to the end of the Term if a) the vehicles or associated equipment funded under this Agreement become inoperable through failure of mechanical components or systems directly related to the fuel technology being utilized, and b) such failure is not caused by the Project Sponsor's negligence, misuse, or malfeasance. To obtain an early termination, the Project Sponsor shall submit to the Air District a written request with documentation to support such early termination. The Project Sponsor will not be deemed in breach of this Agreement if the Air District approves the request for an early termination.

Reimbursement for Early Termination: If the Project Sponsor seeks an early termination of this Agreement, the Project Sponsor understands and agrees that it shall reimburse a percentage of the TFCA Funds Awarded that have been paid to Project Sponsor, if any, in accordance with the following schedule: 50%, if the termination occurs prior to completion of one (1) year of operation of the equipment covered by this Agreement; 30%, if termination occurs between years one (1) and two (2) of operation; 15% between years two (2) and three (3) of operation; 0%, after three (3) of operation. The reimbursable amount shall be paid to the Air District within sixty (60) calendar days of the early termination date.

- 8) Additional Provisions and 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 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.

- 9) **Indemnification:** The Project Sponsor shall indemnify and hold harmless the Air District, its employees, agents, representatives, and successors-in-interest against any and all liability, loss, expense, including reasonable attorneys' fees, or claims for injury or damages arising out of the performance by the Project Sponsor of its duties under this Agreement, and shall require any third party who owns, operates, controls or implements any portion of the Project to indemnify and hold harmless the Air District, its employees, agents, representatives, and successors-in-interest against any and all liability, loss, expense, including reasonable attorneys' fees, or claims for injury or damages arising out of their performance of the Project or operation or use of any portion of the Project. The Project Sponsor's indemnification and its obligation to have applicable third parties indemnify the Air District shall survive expiration or termination of this Agreement.
- 10) **Independent Contractor:** Neither the Project Sponsor nor its officers, employees, agents, or representatives shall be considered employees or agents of the Air District. This Section does not apply to elected officials serving concurrently on the governing boards of both the Project Sponsor and the Air District.
- 11) **Assignment:** Neither Party shall assign, sell, license, or otherwise transfer any rights or obligations under this Agreement to a third party without the prior written consent of the other Party. All of the terms, provisions and conditions of this Agreement will be binding upon and inure to the benefit of the Parties and their respective successors, assigns and legal representatives.
- 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 of them, will not be affected.
- 14) **Force Majeure:** Neither the Air District nor the Project Sponsor 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 Project, or other causes, except financial, that are beyond the reasonable control of the Air District or the Project Sponsor, 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 a Party's own action or inaction, then such cause shall not excuse that Party from performance under this Agreement.

- 15) **Governing Law:** Any dispute that arises under or relates to this Agreement shall be governed by California law, 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, including mediation, shall be San Francisco, California.
- 16) **Public Entities - Conflict of Interest:** The Project Sponsor warrants and represents that its public officials, including its officers and employees in their official capacity, presently have no interest and agrees that its public officials, including its officers and employees in their official capacity, will not acquire any interest which would represent a conflict of interest under California Government Code sections 1090 et seq. and 87100 et seq. during the performance of this Agreement.
- 17) **Integration:** This Agreement, including all attachments hereto, represents the final, complete, and exclusive statement of the agreement between the Air District and the Project Sponsor related to the Parties' rights and obligations and subject matter described in this Agreement, and supersedes all prior and other contemporaneous understandings and agreements of the parties. No Party has been induced to enter into this Agreement by, nor is any Party relying upon, any representation or warranty outside those expressly set forth herein.


IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by their duly authorized officers.

SIGNATURES:

by: _____
Mike Lango
Director, General Services Dept.
County of Contra Costa

by: _____ Date: _____
Jack P. Broadbent
Executive Officer/APCO
Bay Area Air Quality Management District

Approved as to legal form:

by: 
Legal Counsel
County of Contra Costa

by: _____
Brian C. Bungler
District Counsel
Bay Area Air Quality Management District

**ATTACHMENT A
PROJECT SPECIFIC INFORMATION**

(Note: The section numbers shown in parentheses below refer to sections in the Funding Agreement.)

1. **Project Sponsor:** County of Contra Costa
2. **Project Number:** 08R85
3. **Total Project Cost (Section II.2):** \$68,000
4. **Matching Funds (Section II.3):** \$56,000

<u>Line Item</u>	<u>Amount</u>
Purchase and Installation of Four (4) Retrofit Devices	\$44,000
Four (4) Power Sources (install electrical)	\$12,000
Total	\$56,000

5. **TFCA Regional Funds Awarded (Sections II.3, II.4, II.5, II.14, III.1, IV.7):** The maximum award will be \$12,000. If the actual cost of the Project is less than the Total Project Cost, the Air District will fund 17.647% of the actual total project cost.
6. **TFCA Line Item Project Budget (Sections II.2, II.4):** Eligible expenditures for TFCA Regional Funds Awarded include the listed line items, as follows:

<u>Line Item</u>	<u>Amount</u>
Purchase and Installation of Four (4) Retrofit Devices; not to exceed the cost of 75.234% of \$15,772.08 per device	\$12,000
Total	\$12,000

7. **Invoice and Payment Schedule (Sections II.5, III.2):** The Project Sponsor may submit an invoice for reimbursement for each vehicle after the vehicle identified in the Project Description has been retrofitted and placed into service. Each invoice shall include: 1) a summary sheet listing all expenses incurred to date, and 2) a table listing Vehicle Identification Number(s), Engine Year/Make/Model, Make/Model of Retrofit Device, and vehicle fleet/unit number. Each invoice shall also include a copy of the vendor invoice, vehicle registration and insurance.

Final Invoice (Section II.5): The Final Invoice for reimbursement and for fifteen percent (15%) of the TFCA Regional Funds Awarded is to be submitted no later than ninety (90) days after the deadline to submit the Final Report. The Final Invoice shall also include an itemized listing of each Project component funded under this Agreement.

8. **Special Conditions (Sections II.10, IV.7):** None.

This page intentionally left blank.

**ATTACHMENT B
PROJECT DESCRIPTION**

1. **Project Title:** Retrofit Four Heavy Duty Vehicles
2. **Project Useful Life:** 5 years
3. **Project Description:** The following vehicle(s) shall be retrofitted with the following Level 3 Retrofit device(s)*:

Vehicle ID Number (VIN)	Engine Year	Engine Make	Engine Model	Engine hpr	Name of Retrofit Device (Make/Model)
1FDXW46PX6EC68035	2006	INTERNATIONAL	6.0	235	CLEAIRE HORIZON
1FDXW46PX6EC68036	2006	INTERNATIONAL	6.0	235	CLEAIRE HORIZON
1FVXTECB31DH31572	2000	CAT	C-10	350	CLEAIRE HORIZON
1FDAF56P86EA04129	2006	INTERNATIONAL	6.0	235	CLEAIRE HORIZON

* Level 3 Retrofit devices must meet or exceed 2009 NO₂ (plus rating) as defined by the California Air Resources Board (CARB). Devices installed (or costs incurred) that do not meet 2009 NO₂ standards are not eligible Project costs for reimbursement.

4. **Project Schedule:**

Milestone

Project Start

Project Completion

Final Report due, per Attachment C

Completion Date

March 1, 2009

December 31, 2009

February 28, 2010

5. **Project Goal:** To reduce on-road heavy-duty vehicle emissions.

This page intentionally left blank.

**ATTACHMENT C
MONITORING OF PROJECT PERFORMANCE**

1. Semi-Annual Reports (Section II.8):

Due Dates: Every April 15 and October 15 following the Effective Date until the Final Report has been submitted.

The Project Sponsor shall submit Semi-annual Reports to the Air District summarizing Project progress. Semi-annual Reports shall be prepared on the Air District's Semi-annual Report form.

2. Final Report (Section II.8):

Due Date: February 28, 2010

The Final Report shall include the following information:

- A. A description of the equipment purchased as part of the Project, including: a table listing Vehicle Identification Number(s); engine Make/Model and year; retrofit device Make/Model; and vehicle fleet/unit number.
- B. A summary of any problems encountered in the initial operation of the heavy-duty vehicles retrofitted with this grant.
- C. Documentation that the Project Sponsor has acknowledged the Air District as a Project funding source during the Project's Useful Life (Section II.11).
- D. Copies of promotional materials, press releases, newsletter articles, or other media coverage related to the Project (Section II.11).
- E. Documentation demonstrating that Level 3 devices meet or exceed 2009 NO₂ (plus rating) as defined by the California Air Resources Board (CARB).

This page intentionally left blank.

**ATTACHMENT D
INSURANCE REQUIREMENTS**

Verification of Coverage

Project Sponsor shall provide the Air District certificates and/or other evidence of the insurance coverage required below. The Air District reserves the right to require Project Sponsor 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.

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.

Minimum Scope of Insurance

Throughout the Term of the Agreement, Project Sponsor shall obtain and maintain in full force and effect the insurance as set forth below. Project Sponsor to initial next to each checked insurance requirement to confirm understanding and agreement with the applicable Project insurance requirements:

Required if checked

1. Liability Insurance

Initial Corporations/Private 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 Project Sponsor, and to the operation of the vehicles, engines or equipment operated by the Project Sponsor.

Initial 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 Project Sponsor, and to the operation of the vehicles, engines or equipment operated by the Project Sponsor.

2. Property Insurance

Initial Repower and New Vehicle/Equipment Purchase - in an amount of not less than the insurable value of Project Sponsor's vehicles, 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, engines or equipment.

Initial Property Insurance for Retrofit Projects - for all 2003 model year or newer vehicles in an amount of not less than the insurable value of Project Sponsor's vehicles, covering all risks of loss, damage or destruction of such vehicles, engines or equipment.

This page intentionally left blank.