CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
Meeting Date: July 23, 2008
Informational Item: Interagency Agreement with the
California Air Resources Board (CARB)
Regarding the On-Road Diesel Retrofit

Prepared by: Kamika McGill

<table>
<thead>
<tr>
<th>Agency</th>
<th>Amount</th>
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<tr>
<td>California Air Resources Board</td>
<td>Not to exceed $49,999.00</td>
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<tr>
<th>Program Location</th>
<th>Term of Agreement</th>
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<td>Statewide</td>
<td>June 30, 2008 through October 1, 2008</td>
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**Background:** This item is being presented to the Board for informational purposes. The California Air Resources Board (CARB) is pursuing regulations to require cleaner diesel trucks in California. Between now and 2020, the program will lead to virtually all trucks in California being retrofitted, replaced with newer compliant used trucks, or being replaced with brand new vehicles. The California Pollution Control Financing Authority (CPCFA) and California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) are working with CARB to develop financial assistance programs for truck owners so they can implement the new requirements on their vehicles. CPCFA plans to provide CARB with options and recommendations for specific financial products by September, 2008. CPCFA entered into a purchase order agreement with Robert Half International Inc. (the Contractor) to investigate various financing alternatives in order to provide recommendations to CARB. The Air Resources Board expects to have funding available for a program to start up as soon as the beginning of 2009. The program is expected to be overseen by CARB, but administered by CPCFA or CAEATFA.

**The Interagency Agreement:** The Interagency Agreement between the Authority and CARB allocates up to $49,999.00 of CARB funds to reimburse CPCFA for costs associated with the analysis of potential financial products and financing options.

**Scope of Work:** The Contractor will analyze and evaluate financial assistance options and provide recommendations related to available financial products.

Financial options that may be considered include, but are not limited to:

- extended repayment periods
- lower interest rates through interest rate buy-downs
- lower interest rates through contributions to loan loss reserves
- greater loan availability through contributions to loan loss reserves
- loan guarantees
- leasing/lease buy-backs
- grants

Under the general direction of the Executive Director of CPCFA, the Contractor agrees to provide services as described below.
• Conduct a review and provide a written analysis of financing options available for the diesel program financial assistance program described herein.

• Develop recommendations by consulting with knowledgeable individuals from the financial, trucking and government communities. The contacts will include persons familiar with the financial products listed above, persons familiar with the particular needs of the trucking industry, and persons familiar with the role of government agencies in providing financial assistance to assist small business borrowers. The list of individuals to contact will be worked out with CPCFA. It is anticipated that there will be approximately 20 to 30 of these discussions with knowledgeable individuals.

• Develop a report describing the various options for providing financial assistance, and the pros and cons of each. The report should include rough approximations of the costs of the options to the State relative to the amount of assistance available to the recipients of the financial assistance. The report should also recommend the most preferable amongst the financing options. It is recognized that the most preferable option may vary among different segments of the trucking industry and that different products may be preferable for different purposes (retrofit, used vehicles, new vehicles).

The Contractor is required to submit weekly progress reports via email or written correspondence that discuss accomplishments, problems, and outstanding issues and participate in weekly conference calls to discuss said progress reports. In addition to the weekly reports, a final report is due from the Contractor sixty (60) days after the contract is executed.