

CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 13 Pages

AGREEMENT NUMBER	AMENDMENT NUMBER
<b>13-606</b>	<b>5</b>
REGISTRATION NUMBER	

- This Agreement is entered into between the State Agency and Contractor named below:  
STATE AGENCY'S NAME  
Air Resources Board (ARB or State)  
CONTRACTOR'S NAME  
California Pollution Control Financing Authority (CPCFA or Contractor)
- The term of this Agreement is January 1, 2014 through March 31, 2018
- The maximum amount of this Agreement after this amendment is: \$63,000,000.00  
Sixty-three million dollars and no cents
- The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:  
 This amendment increases the Agreement's dollar amount of \$60,000,000.00 by \$3,000,000.00.  
 The total maximum amount of this Agreement shall now be \$63,000,000.00.

This amendment extends the Agreement's end date of December 31, 2017 by three (3) months. The Agreement term shall now be from January 1, 2014 through March 31, 2018. All fund transfers to CPCFA shall occur before **March 31, 2018** to align with the end date of this Agreement.

Exhibit A, Scope of Work, is hereby replaced in its entirety and made part of this Agreement.  
 Exhibit A, Attachment 1 - Borrower Form, is hereby replaced in its entirety and made part of this Agreement.  
 Exhibit B, Budget Detail and Payment Provisions, is hereby replaced in its entirety and made part of this Agreement.

All other terms and conditions of the original Agreement and any previous amendments shall remain in full force and effect.

All changes in Agreement are shown as follows: additions in **bold and underscored**; deletions in ~~strikethrough~~.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

<b>CONTRACTOR</b>		CALIFORNIA Department of General Services Use Only  <div style="border: 2px solid blue; padding: 10px; text-align: center;"> <b>APPROVED</b>   <b>JUL 5 2017</b>           OFFICE OF LEGAL SERVICES          DEPT. OF GENERAL SERVICES       </div>
<small>CONTRACTOR'S NAME (If other than an individual, state whether a corporation, partnership, etc.)</small>		
<u>California Pollution Control Financing Authority</u>		
<small>BY (Authorized Signature)</small>	<small>DATE SIGNED (Do not type)</small>	
	<u>6/21/2017</u>	
<small>PRINTED NAME AND TITLE OF PERSON SIGNING</small>		
<u>Renee Webster-Hawkins, Director</u>		
<small>ADDRESS</small>		
<u>801 Capitol Mall, 2<sup>nd</sup> Floor, Sacramento, California 95814</u>		
<b>STATE OF CALIFORNIA</b>		
<small>AGENCY NAME</small>		
<u>California Air Resources Board</u>		
<small>BY (Authorized Signature)</small>	<small>DATE SIGNED (Do not type)</small>	
	<u>6/22/17</u>	
<small>PRINTED NAME AND TITLE OF PERSON SIGNING</small>		
<u>Pam Biggins, Chief, Budgets, Contracts and Grants Branch</u>		
<small>ADDRESS</small>		
<u>1001 I Street, 20<sup>th</sup> Floor, Sacramento, California 95814</u>		
		<input type="checkbox"/> Exempt per: 



## EXHIBIT A SCOPE OF WORK

### PURPOSE

The California Pollution Control Financing Authority (CPCFA or Authority) agrees to approve the Air Resources Board (ARB) as an Independent Contributor under the California Capital Access Program (CalCAP) to provide ARB all the services CPCFA normally provides to Independent Contributors in CPCFA's role as administrator and operator of CalCAP, and other services specified in this Agreement.

In consideration of the above, ARB agrees to participate in CalCAP as an Independent Contributor, to commit ~~\$60,000,000 (\$60 Million)~~ **\$63,000,000 (\$63 Million)** to CalCAP, and to perform all the duties and services normally performed by Independent Contributors to CalCAP, except where specified in this Agreement.

### A. Acronyms:

ARB	Air Resources Board
CalCAP	California Capital Access Program, administered by CPCFA
CPCFA	California Pollution Control Financing Authority
HDV Air Quality Loan Program	Heavy-Duty Vehicle Air Quality Loan Program
STO	State Treasurer's Office

### B. Mission of the Administrator and Independent Contributor:

The mission of ARB is to promote and protect public health, welfare, and ecological resources through the effective and efficient reduction of air pollutants while recognizing and considering the effects on the economy of the State. To these ends, ARB has created the Heavy-Duty Vehicle Air Quality Loan Program (HDV Air Quality Loan Program or the Program), in partnership with the CPCFA, to provide financial assistance to owners of heavy-duty diesel vehicles. The HDV Air Quality Loan Program began in April 2009 and was implemented by CPCFA through Interagency Agreement Number 08-607 to specifically provide financial assistance to owners of heavy-duty vehicles affected by the ARB's Statewide In-Use Truck and Bus Regulation and the Heavy-Duty Vehicle Greenhouse Gas Emission Reduction Regulation. Initial program funding was provided through a one-time appropriation of 2008-2009 fiscal year Air Quality Improvement Program (AQIP) funds authorized by AB 1338 (Chapter 760, Statutes of 2008). With the original Air Quality Improvement Program funds exhausted, Senate Bill 359 (Chapter 415, Statutes of 2013) provided additional funds to continue the HDV Air Quality Loan Program focusing on qualified small business trucking fleets affected by the Statewide In-Use Truck and Bus Regulation. Additional funding was approved: at the June 26, 2014 ARB Board meeting, as part of the Fiscal Year 2014-15 Funding Plan for Air Quality Improvement Program and Low Carbon Transportation Greenhouse Gas Reduction Fund Investments; at the June 25, 2015 ARB Board meeting, as part of the Fiscal Year 2015-16 Funding Plan; and at the June 23, 2016 ARB Board meeting, as part of the Fiscal Year 2016-17 Funding Plan. The additional funding will come from the AQIP.

**This program may also be funded from a portion of the penalties received during settlement of enforcement actions pursuant to ARB's Supplemental Environmental Project Policy (SEP). Such funds will be directed to CPCFA and blended with AQIP monies.**

CPCFA is committed to stimulating local economies in California by delivering innovative financing for projects that protect and restore the environment and making capital more accessible to small businesses. CPCFA administers CalCAP, authorized by Assembly Bill 1496 (Chapter 1164, Statutes of 1993), which encourages banks and other financial institutions to make loans to small businesses. CalCAP is a form of "loan portfolio insurance" that provides up to 100 percent coverage on certain loan defaults. Since April 2009, CPCFA has administered the HDV Vehicle Air Quality Loan Program on behalf of ARB, directing ARB's contributions into loss reserve funds to support loans for over 40,000 ~~13,000~~ truck upgrades, as of April 2016 **2017**, to deploy cleaner emission trucks on the road. The success of the HDV Air Quality Loan Program is due in part to the CalCAP lenders currently participating in the program statewide.

**EXHIBIT A  
SCOPE OF WORK**

**C. The Role of the Independent Contributor in the CalCAP Program:**

Health and Safety Code section 44559.2(a) allows third-party entities to participate in CalCAP as "Independent Contributors" to CalCAP lenders' loan loss reserve accounts, thereby contributing the premium costs on behalf of the borrower, the lender, and CPCFA. Requirements for participation as an Independent Contributor in CalCAP are found in the California Code of Regulations, title 4, division 11, article 7. CalCAP regulation § 8078 (Participation in the Program by Certain Public or Private Entities) enables CPCFA to permit any individual, company, corporation, institution, utility, government agency or other entity to become an Independent Contributor in CalCAP, making possible the collaboration with ARB to aid lenders with financing new, cleaner-burning heavy duty diesel trucks and buses. Additionally, Senate Bill 225 (Chapter 492, Statutes of 2011), effective October 2011, authorizes CalCAP to allow lenders to enroll Terminal Rental Adjustment Clause (TRAC) leases, in addition to loans, in CalCAP's Independent Contributor program. For implementation of the HDV Air Quality Loan Program, ARB, as an Independent Contributor to CalCAP, shall contribute the premiums typically funded by the borrower, lender, and CPCFA each time a loan is approved in the HDV Air Quality Loan Program.

To incentivize participation in the HDV Air Quality Loan Program, for each new and existing lender whose loan loss reserve account has not yet reached \$500,000, ARB shall contribute the premiums required by CPCFA, as well as the premiums typically required by the borrower and lender, in an amount equal to 14 percent of a borrower's enrolled loan amount each time a loan is approved in the HDV Air Quality Loan Program. When contributions deposited in a lender's loan loss reserve account exceed \$500,000, but are less than \$1.5 million, the contribution rate will be 7 percent. When contributions deposited in a lender's loan loss reserve account exceed \$1.5 million, the contribution rate will be 4 percent.

In consultation with CPCFA, the Executive Officer of ARB may direct that the premium contribution schedule be adjusted, so long as the premium contributions for each enrolled loan do not exceed the amounts stated above. In addition, the total premium contribution for each loan shall be no less than 4 percent of the borrower's enrolled loan amount. Such adjustments shall take into account program objectives including maximizing available program funding, and increasing participation by lenders and borrowers in the HDV Air Quality Loan Program throughout California. Any such change to the premium contribution schedule shall be enacted by written memorandum from the Executive Officer of ARB.

As the Independent Contributor, ARB has requested further specific changes to the regular CalCAP rules, including:

1. Setting the maximum eligible fleet size at ten (10) vehicles consistent with fleet reporting requirements in ARB's Statewide In-Use Truck and Bus Regulation;
2. Capping the maximum interest rate a lender may charge at twenty (20) percent annual percentage yield (APY);
3. Capping the maximum annual business revenues at \$10 million averaged over the prior three (3) years; and
4. Decreasing the number of employees a Borrower may have to one hundred (100).
5. Prohibiting refinances of existing loans to be enrolled in the Program.

Lastly, to ensure a sustainable HDV Air Quality Loan Program, CPCFA may consider, in consultation with lenders, financial advisors and other stakeholders, other program modifications, including whether or not to charge the lender and borrower a ~~premium fee~~ for each loan enrolled as in the CalCAP for Small Business Program, and how to structure the recapture of funds from a lender's loss reserve account on a periodic basis when enrolled loans mature. These changes would be adopted either by subsequent amendment to this Agreement or by rulemaking promulgated by the Authority under its CalCAP regulations.

**D. Scope of Work:**

The parties, CPCFA and ARB, hereby agree to the following terms and conditions:

**EXHIBIT A  
SCOPE OF WORK**

1. The term of the Agreement shall commence on January 1, 2014, through ~~December 31, 2017~~ **March 31, 2018**, unless sooner terminated by either party giving of 30 days written notice of intent to terminate this Agreement.
2. ARB will provide funds in an amount of ~~\$60,000,000 (\$60 Million)~~ **\$63,000,000 (\$63 Million)** to CPCFA. CPCFA has established two ARB-designated accounts with its Trustee Bank through the prior Agreement 08-607: 1) an interest-bearing ARB Program Account to provide funds for the premium contributions to the lenders' ARB loan loss reserve accounts; and 2) an interest-bearing ARB Cost Account. Deposits into the ARB Cost Account shall come from; 1) depositing 7% of each transmittal of funds from ARB, 2) depositing 7% of recaptured funds; and CPCFA's authorized collection of interest earned on each lender's ARB loan loss reserve account and interest earned on funds held in the ARB Program Account prior to transfer to a lender's ARB loan loss reserve account. Interest generated from funds held in the ARB Cost Account shall remain in the ARB Cost Account.
3. Funds held in the ARB Cost Account maintained by the Trustee shall be used to cover Trustee costs related to maintaining the five (5) ARB-designated accounts. ARB shall authorize CPCFA to withdraw funds from the ARB Cost Account, upon receipt of quarterly Requests for Payment (See Exhibit B, Attachment 1), in an amount not to exceed seven (7) percent of the total funds provided to CPCFA under this Agreement to cover Trustee costs and CPCFA's Administrative costs. Admin costs are calculated using the following:

Loans and Claims processed (per month)	Maximum Cost (per month)
0-25	\$18,500.00
26-50	\$26,000.00
51-100	\$33,500.00
101-150	\$41,000.00
151-200	\$48,500.00
201-250	\$56,000.00
251-300*	\$63,500.00

\*The processing of each incremental additional 50 loans above 300 will result in an increase of \$7,500.00 per month.

Travel costs and marketing costs will be submitted on the quarterly Requests for Payment, and may be in excess of the seven (7) percent Trustee and Administrative costs but shall not exceed \$5,000.00 per quarter without prior written consent from ARB. Unused funds shall remain under the authority of the ARB.

4. In order to reconcile expenditures by the end of the Agreement term, CPCFA shall provide ARB a report on unused funds, including interest, in the ARB Program Account and in the ARB Cost Account maintained by the Trustee three (3) months prior to the end of the Agreement. CPCFA and ARB agree that funds (including interest) that have not been transferred to a lender's ARB loan loss reserve account, or have not been used to cover costs related to maintaining the Trustee accounts or CPCFA costs for administration of the HDV Air Quality Loan Program, will remain in the respective account at the Trustee until ARB requests transfer to another designated account for HDV air quality loan programs, or requests the return of the funds.
5. CPCFA shall require lenders to maintain ARB loan loss reserve accounts for the purpose of the HDV Air Quality Loan Program separate from their other CalCAP loan loss reserve accounts. The ARB loan loss reserve accounts for the HDV Air Quality Loan Program may be held at either the participating lender or at the Trustee, based on standard CalCAP practices authorized by CPCFA. Participating lenders may utilize the same loss reserve accounts established and maintained, either by the participating lender or the Trustee, under Interagency Agreement 08-607 for the purpose of the HDV Air Quality Loan Program.

**EXHIBIT A  
SCOPE OF WORK**

6. ARB and CPCFA will require the borrower to complete the *HDV Air Quality Loan Program Borrower Eligibility Criteria and Self-Certification Form* (Exhibit A, Attachment 1 - Borrower Form). The purpose of the Borrower Form is for each borrower to certify that the small business meets specified requirements of both CalCAP and ARB's program parameters prioritized by AQIP and SB 359. Any subsequent modifications to the Borrower Form will require an amendment to the Agreement.
7. The Borrower Form contains the lender's certification that it has adhered to all of its responsibilities and collected all loan enrollment documentation required by the CalCAP regulations. CPCFA shall require the lender to submit the completed Borrower Form, on behalf of the borrower, to CPCFA for review. CPCFA shall be responsible for review of the Borrower Form and shall respond to a lender's request for loan enrollment within fifteen (15) working days from receipt of the lender's request. CPCFA shall bear no responsibilities for verification of information submitted by the Borrower on the Borrower Form. CPCFA will enroll qualified loans in the HDV Air Quality Loan Program under CalCAP unless questions regarding eligibility arise during the review process. If questions arise or if a loan is determined to be ineligible, CPCFA will contact the lender as per CalCAP regulations.
8. ARB, as an Independent Contributor to CalCAP, shall contribute the premiums typically funded by CPCFA each time a loan is approved in the HDV Air Quality Loan Program. To incentivize participation in the HDV Air Quality Loan Program, for each new and existing lender whose loan loss reserve account has not yet reached \$500,000, ARB shall contribute the premiums required by CPCFA, as well as the premiums typically required by the borrower and lender, in an amount equal to 14 percent of a borrower's enrolled loan amount each time a loan is approved in the HDV Air Quality Loan Program. When contributions deposited in a lender's loan loss reserve account exceed \$500,000, but are less than \$1.5 million, the contribution rate will be 7 percent. When contributions deposited in a lender's loan loss reserve account exceed \$1.5 million, the contribution rate will be 4 percent.

In consultation with CPCFA, the Executive Officer of ARB may direct that the premium contribution schedule be adjusted, so long as the premium contributions for each enrolled loan do not exceed the amounts stated above. In addition, the total premium contribution for each loan shall be no less than 4 percent of the borrower's enrolled loan amount. Such adjustments shall take into account program objectives including maximizing available program funding, and increasing participation by lenders and borrowers in the HDV Air Quality Loan Program throughout California. Any such change to the premium contribution schedule shall be enacted by written memorandum from the Executive Officer of ARB.

9. ARB understands that CPCFA has no role in underwriting loans. Loan approval is made solely by the lender. CPCFA's role is limited to approving the enrollment of loans into the HDV Air Quality Loan Program under CalCAP.
10. As Independent Contributor, ARB has set the maximum interest rate a lender may charge on any single loan at twenty (20) percent APY. Any adjustment to the maximum interest rate shall be made through an amendment to the Agreement.
11. During ARB's participation in CalCAP under this Agreement, the ARB's liability under the program to any person or entity shall not exceed premium contributions paid by CPCFA on behalf of ARB into any single lender's loan loss reserve account.
12. To increase the longevity of the Program funds, CPCFA shall pursue a regulation to establish procedures to recapture contribution funds from a lender's loss reserve account on an annual basis upon maturity of enrolled loans. These funds shall be returned to the Program Account to support future contributions for eligible loans and administrative costs. Recapture is not applicable for contributions on defaulted or charged off loans for which a claim has been approved, unless the amount recovered through the liquidation of the collateral exceeds the approved claim. All other terms of the loans enrolled in the CalCAP ARB program shall remain the same. CPCFA shall be

**EXHIBIT A  
SCOPE OF WORK**

authorized to withdraw an amount not to exceed seven percent (7) of the recaptured funds to cover administrative expenditures.

13. During the ARB's participation in CalCAP under this Agreement, the ARB's entire liability shall not exceed the total amount paid into all loan loss reserve accounts over the course of this Agreement and the prior Interagency Agreement Number 08-607, or an amount not to exceed ~~\$60,000,000 (\$60 Million)~~ **\$63,000,000 (\$63 Million)** plus the total amount deposited under the prior agreement, whichever is less.
14. Premium contributions funded by ARB in lenders' loan loss reserve accounts made under this Agreement and the prior Interagency Agreement Number 08-607 on behalf of the borrower, the lender and CPCFA shall be returned to ARB, or, at ARB's direction, held in one of the two ARB-designated accounts at the Trustee, once all loans guaranteed by the loan loss reserve account have been repaid. ARB may also request the return of uncommitted ARB funds from ARB's Program and Cost Accounts at any time for CPCFA's failure to meet the terms and conditions of this Agreement.
15. CPCFA shall make available to ARB, upon request, all copies of the Borrower Form, subject to the allowable use and disclosure provision in Section D(21) below.
16. CPCFA shall provide monthly reports on loans enrolled in the HDV Air Quality Loan Program to ARB. The report will include the following information for each loan: borrower's city, county, and zip code, CalCAP loan number, date enrolled, type of loan, interest rate and maturity date of loan, percentage and dollar amount of the premium contribution, type of business, borrower's annual revenue three year average, number of employees, and minority/woman/veteran-owned business information, to be provided in the form of a spreadsheet to be submitted to ARB electronically. In addition, the information shown below will be reported and submitted to ARB electronically:
  - a. Number of loans and Terminal Rental Adjustment Clause Leases (TRAC Leases) enrolled in CalCAP (monthly activity and cumulative activity);
  - b. Dollar amount transferred into each lender's ARB loan loss reserve account including adjustments;
  - c. Total dollar amount of fund transfers to or from ARB Program Account and the date of such fund transfers;
  - d. Dollar amounts, including applicable interest in or out of the ARB Program Account;
  - e. Interest deposits into the CalCAP/ARB Cost Account;
  - f. Administrative costs related to management of ARB-designated accounts and by CPCFA for administration of the HDV Air Quality Loan Program (quarterly report);
  - g. Information for each claim including enrolled loan amount, dollar amount paid from lender's ARB loan loss reserve account;
  - h. Project information from the Borrower Form, Section III;
  - i. A document signed by CPCFA's Executive Director stating that to the best of his/her knowledge the information contained in the reports is complete and accurate.

All other loan enrollment data on the Borrower Form will be collected by CPCFA, and the Borrower Form will be available to ARB as a physical document upon request, subject to a nondisclosure agreement pursuant to Section (D)21 below.

**EXHIBIT A  
SCOPE OF WORK**

17. In addition to the monthly reports described above, ARB shall coordinate with CPCFA to prepare any summary or annual reports that may be required as a result of program implementation.
18. After funding the last project, ARB and CPCFA shall assess the reporting requirements related to the claims made by lenders for reimbursement to lenders to determine the form and frequency that this information will be reported to ARB.
19. ARB reserves the right to audit CPCFA's implementation of the HDV Air Quality Loan Program. Such audits shall be limited to the records, data, and other information CPCFA is required to collect from borrowers and lenders pursuant the Agreement.
20. CPCFA shall also be authorized to direct periodic audits of participating lenders' HDV Air Quality Loan Program portfolios. CPCFA directed audits may be completed by CPCFA staff, independent certified public accountants, or other State of California Agencies or Departments. ARB reserves the right to approve the plan and cost of CPCFA directed audits. Audit costs incurred by CPCFA and approved by ARB may be in excess of funding provided to CPCFA to cover Trustee costs and CPCFA's Administrative costs under Section D(3), above.
21. ARB and CPCFA acknowledge that certain personal information of individual borrowers is protected under the California Information Practices Act (CIPA), Government Code sections 1798 et seq., and that the maintenance and dissemination of such information is subject to strict limits. CPCFA shall require lenders to provide each borrower a copy of the Privacy Notice (Exhibit A, Attachment 2) which identifies CPCFA as the responsible agency under CIPA. If and when ARB requests copies of the Borrower Form pursuant to Sections D(15) & (16) above that includes personal information, ARB and CPCFA shall first execute a nondisclosure agreement that specifies the purpose for which the information is to be used, any foreseeable disclosures of such information, and the notice, maintenance and safeguard procedures that ARB will implement to ensure compliance with Government Code section 1798.18 – 1798.22.
22. CPCFA and ARB shall coordinate to market the HDV Air Quality Loan Program throughout California to secure lenders to serve the trucking sector, and to educate heavy-duty diesel truck owners, truck dealers, and retrofit and equipment vendors on the program.

**E. Selection of Trustee**

CPCFA shall select and appoint a Trustee, which ARB will utilize to disburse and receive program and loans funds from borrowers, lenders, ARB and CPCFA.

**EXHIBIT A  
SCOPE OF WORK**

**F. CONTRACT REPRESENTATIVES**

The Project Managers during the term of this Agreement will be:

Requesting Agency: Air Resources Board	Providing Agency: State Treasurer's Office
Section/Unit: Mobile Source Control Division	Section/Unit: CPCFA
Name: Eric Patton	Name: Patricia Crowson
Address: 1001 I Street, 5 <sup>th</sup> Floor Sacramento, CA 95814	Address: 915 Capitol Mall, Room 457 <b>801 Capitol Mall, 2<sup>nd</sup> Floor</b> Sacramento, CA 95814
Phone: (916) 445-5001	Phone: (916) 654-5821
Email: <a href="mailto:eric.patton@arb.ca.gov">eric.patton@arb.ca.gov</a>	Email: <a href="mailto:patricia.crowson@treasurer.ca.gov">patricia.crowson@treasurer.ca.gov</a>

Direct all Administrative inquiries to:

Requesting Agency: Air Resources Board	Providing Agency: State Treasurer's Office
Section/Unit: Mobile Source Control Division	Section/Unit: CPCFA
Attention: Eric Patton	Attention: Tajinder Kaur
Address: 1001 I Street, 5 <sup>th</sup> Floor Sacramento, CA 95814	Address: 915 Capitol Mall, Room 457 <b>801 Capitol Mall, 2<sup>nd</sup> Floor</b> Sacramento, CA 95814
Phone: (916) 445-5001	Phone: (916) 651-8006
Email: <a href="mailto:eric.patton@arb.ca.gov">eric.patton@arb.ca.gov</a>	Email: <a href="mailto:tajinder.kaur@treasurer.ca.gov">tajinder.kaur@treasurer.ca.gov</a>

**Direct all inquiries to the Administrative Representatives.**

**The parties may change their Contract Representative(s) upon providing ten (10) days written notice to the other party's Contract Representative(s). The notifying party shall provide complete contact information for the replacement Contract Representative(s) to include the information provided above.**

Borrower Name \_\_\_\_\_  
Lender/Participating Financial Institution \_\_\_\_\_  
Lender Loan No. \_\_\_\_\_

**HEAVY-DUTY VEHICLE AIR QUALITY LOAN PROGRAM  
(HDV AIR QUALITY LOAN PROGRAM)  
BORROWER ELIGIBILITY CRITERIA AND SELF-CERTIFICATION FORM**

The undersigned Borrower hereby applies to the California Pollution Control Financing Authority (CPCFA) for funds to pay the Borrower's premium for participation in the CPCFA's California Capital Access Program (CalCAP). The lender will submit this form with the CalCAP ARB Programs Loan Enrollment Form to CPCFA at:

California Pollution Control Financing Authority (CPCFA)  
~~915 Capitol Mall, Rm. 457~~ **801 Capitol Mall, 2<sup>nd</sup> Floor**  
Attention: California Capital Access Program (CalCAP)  
Sacramento, CA 95814  
Fax: (916) 589-2805

**For assistance, lenders please call CPCFA staff at (916) 654-5610.**

**SECTION I  
HDV AIR QUALITY LOAN PROGRAM ELIGIBILITY**

**By initialing on each line, Borrower certifies to eligibility under the HDV Air Quality Loan Program.**

(a)\_\_\_\_ Borrower will use the program only to purchase on-road heavy duty vehicles and equipment for compliance with the California Air Resources Board's (ARB) Statewide In-Use Truck and Bus Regulation (Regulation) (California Code of Regulations, title 13, Section 2025), refer to:  
<http://www.arb.ca.gov/msprog/onrdiesel/documents.php>

Eligible purchases with loan proceeds include:

- Used and new trucks equipped with 2007 - 2009 model year engines certified to engine emission standards of 1.20 g/bhp-hr NOx and 0.01 g/hp-hr PM or cleaner;
- Trucks equipped with 2010 and later model year engines ARB-certified to 2010 and later model year emission standards; ~~and~~
- ARB-verified diesel emission control devices (exhaust retrofits); **and**
- **The engines can use diesel fuel, compressed natural gas (CNG), liquefied natural gas (LNG), or other fuels.**

(b)\_\_\_\_ Borrower certifies that his/her fleet has 10 or fewer on-road vehicles subject to the Regulation referenced in the above statement, or is a non-profit entity that meets all other CalCAP requirements. Consistent with fleet reporting requirements in California Code of Regulations, title 13, section 2025, the Borrower shall include vehicles whether or not they are registered, and include vehicles registered as non-operating. In Section III, the Borrower shall provide the total number of on-road heavy-duty vehicles in his/her fleet subject to the Regulation. *(Non-profit organizations may have more than 10 vehicles but must satisfy all other requirements of the CalCAP and HDV Air Quality Loan Programs).*

(c)\_\_\_\_ Borrower certifies that he/she has 100 or fewer employees and \$10 million or less in annual revenues averaged over the prior three (3) years.

**By initialing either (d) (e), or (f) below, Borrower certifies that either (d) (e), or (f) is true and correct. If Borrower has not received a ARB grant or is not approved for a voucher below, DO NOT INITIAL ANY OF THE STATEMENTS.**

(d)\_\_\_\_ Borrower certifies that he/she has received a grant through ARB's Proposition IB Goods Movement Emission Reduction Program for the vehicle(s) being financed.

(e)\_\_\_\_ Borrower certifies that he/she has received a grant through the ARB's Carl Moyer Program On-Road Heavy-Duty Vehicle Voucher Incentive Program (VIP) for the vehicle(s) being financed.

(f)\_\_\_\_ Borrower certifies that he/she is approved for a voucher for ARB's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) to purchase or lease a hybrid or zero-emission truck or bus.

Borrower Name \_\_\_\_\_  
Lender/ Participating Financial Institution \_\_\_\_\_  
Lender Loan # \_\_\_\_\_

## SECTION II CalCAP ELIGIBILITY

By initialing on each line, the Borrower certifies to eligibility under CalCAP.

- (a) \_\_\_\_\_ Borrower is a qualified business and small business concern defined collectively as follows:
- Health and Safety Code section 44559.1(i): "Qualified business" means a small business concern that meets both of the following criteria, regardless of whether the small business concern has operations that affect the environment:
    - (1) It is a corporation, partnership, cooperative, or other entity, whether that entity is a nonprofit entity or an entity established for profit that is authorized to conduct business in the state.
    - (2) It has its primary business location within the boundaries of the state.
  - Health and Safety Code section 44559.1(m): "Small business concern" has the same meaning as in Section 632 of Title 15 of the United States Code, or as otherwise provided in regulations of the authority.
  - California Code of Regulations, title 4, section 8070(r): "Qualified Business" and "Small Business Concern" means a business as set forth in Health and Safety Code Section 44559.1 subdivisions (i) and (m), that is not dominant in its field of operation, and that together with affiliates, has 500 or fewer employees.
- (b) \_\_\_\_\_ Borrower obtained a loan that is for a business activity that has its primary economic effect in California defined as follows:
- California Code of Regulations, title 4, Section 8070(o): "Primary economic effect in California" means, as applied to a business activity, that either of the following conditions exists:
    - (1) At least 51 percent of the total revenues of the business activity are generated in California;  
or
    - (2) At least 51 percent of the total jobs of the business activity are created or retained in California.
- (c) \_\_\_\_\_ Borrower agrees to allow the participating financial institution to provide information from financial records of the Borrower upon request of the Executive Director of CPCFA.
- (d) \_\_\_\_\_ Borrower has no legal, beneficial, or equitable interest in the fees or the contribution.
- (e) \_\_\_\_\_ Borrower does not have a total enrolled principal amount in excess of \$2,500,000 at any CalCAP participating financial institution over a three (3) year period.
- (f) \_\_\_\_\_ Borrower has secured or made application for all applicable licenses or permits needed to conduct its business.
- (g) \_\_\_\_\_ Borrower has received CPCFA's CalCAP/ARB Privacy Notice dated August 1, 2015.
- (h) \_\_\_\_\_ Borrower is not: an executive officer, director or principal shareholder of the lender/ participating financial institution; a member of the immediate family of those individuals; or a related interest of those individuals.

Borrower Name \_\_\_\_\_  
 Lender/ Participating Financial Institution \_\_\_\_\_  
 Lender Loan # \_\_\_\_\_

**SECTION III**

By initialing on each line, the Borrower certifies that each statement below is true and correct. Please also provide the applicable information in the table below, including the engine manufacturer and model year of a truck that is replaced with a truck purchased with loan proceeds.

- (a) \_\_\_\_\_ Borrower certifies that he/she meets state and federal requirements to operate in California.
- (b) \_\_\_\_\_ Borrower agrees to allow ARB staff or its designee to inspect the affected vehicle.

Additional Information for Completion by the Borrower				
Fleet Size <sup>a</sup>				
<b>For Truck Purchases</b>				
For truck purchase, state the GVWR <sup>b</sup> :				
	Engine Manufacturer	Engine Model Year	Engine Horsepower	<b>Fuel Type<sup>c</sup></b>
New Purchase				
Used Purchase				
Replaced Truck (if purchase is to replace an existing truck)				
<b>For ARB-Verified Diesel Emission Control Device (Exhaust Retrofit) Purchases</b>				
	Device Manufacturer And Model Name	Technology Type (State the technology type. Example: Diesel Particulate Filter )		
Diesel Emission Control Device				
<b>For Trailer Purchases<sup>cd</sup></b>				
	Trailer Manufacturer	Trailer Model Year	SmartWay Certified? (Yes or No)	
Trailer				

<sup>a</sup> The Borrower shall write in the total number (example: 8) of on-road vehicles subject to the Regulation referenced in the beginning of this form, in his or her fleet.

<sup>b</sup> Information about Gross Vehicle Weight Rating (GVWR) is available at <http://www.arb.ca.gov/msprog/truckstop/azregs/labels.htm>.

<sup>c</sup> **Fuel Codes: D-Diesel, E-Electric, N-Natural Gas, Q-Hybrid.**

<sup>cd</sup> Trailers may be eligible for financing ONLY in conjunction with an eligible tractor or exhaust retrofit.

\_\_\_\_\_  
 (Business Name)

\_\_\_\_\_  
 (Print Individual's Name)

\_\_\_\_\_  
 (Individual's Title as it pertains to the business)

\_\_\_\_\_  
 (Individual's Signature)

\_\_\_\_\_  
 (Date)

\_\_\_\_\_  
 (Business Address, City, State, Zip Code)

\_\_\_\_\_  
 (Phone Number)

\_\_\_\_\_  
 (CPCFA Review: Signature and Date)

CPCFA USE ONLY	

**EXHIBIT B  
BUDGET DETAIL AND PAYMENT PROVISIONS**

**1. Budget Contingency Clause**

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

**2. Prompt Payment Clause**

- A. Costs for this Agreement shall be computed in accordance with State Administrative Manual Sections 8752 and 8752.1.
- B. Nothing herein contained shall preclude advance payments pursuant to Article 1, Chapter 3, Part 1, Division 3, and Title 2 of the Government Code of the State of California.

**3. Funding Disbursement for ~~\$60,000,000 (\$60 Million)~~ \$63,000,000 (\$63 Million)**

- A. ARB will transfer the amount of ~~\$60,000,000 (\$60 Million)~~ \$63,000,000 (\$63 Million) to CPCFA upon signing of this Interagency Agreement by both parties and upon receipt of an Invoice(s) for Fund Transfer from CPCFA. For accounting purposes, all Invoices for Fund Transfer will contain the following accounting codes: **PCA Code: 80008; Source Code: 299100-70; Controller Fund #: 0930.001; Subsidry Code: 35100020.** All fund transfers to CPCFA shall occur before ~~December 31, 2017~~ March 31, 2018.
- B. CPCFA will deposit the funds in accounts established at its Trustee Bank: 1) an interest-bearing ARB Program Account to provide funds for lenders' ARB loan loss reserve accounts; 2) an interest-bearing ARB Cost Account; 3) an ARB specific interest sweep account; 4) a SBAF Loan Account; and 5) a SBAF specific interest sweep account. Deposits into the ARB Cost Account shall come from funds transferred from the ARB Program Account necessary to cover CPCFA's administrative costs not to exceed seven percent (7) of the total funds provided to or recaptured by CPCFA under this Agreement, plus travel and marketing costs approved by ARB. Interest generated from funds held in the ARB Cost Account shall remain in the ARB Cost Account. Deposits into the ARB Interest Sweep Account shall come from: CPCFA's authorized collection of interest earned on each lender's ARB loan loss reserve account; interest earned on funds held in the ARB Program Account prior to transfer to a lender's ARB loan loss reserve account. Interest collected in the Interest Sweep Account may be swept annually and transferred back to the ARB Program Account to use as program funds. Deposits into the SBAF Loan Account will come from funds loaned and deposited by CPCFA to cover program costs when ARB funds are unavailable. All interest earned in the SBAF Loan Account will be swept into the SBAF specific interest sweep account and will be returned to CPCFA.
- C. In the event of a temporary shortfall in revenue into the AQIP Fund precluding full disbursement from ARB to CPCFA prior to ~~February 2017~~ December 2017 March 31, 2018, upon written request by ARB's Executive Officer, CPCFA in its discretion may agree to a bridge loan of funds from its Small Business Assistance Fund (SBAF) into an interest-bearing ARB SBAF Loan Account established at the Trustee Bank. The maximum outstanding balance of the loan shall not exceed \$5,000,000 (\$5 million), or the difference between ~~\$60,000,000 (\$60 Million)~~ \$63,000,000 (\$63 Million) and the total amount disbursed by ARB, whichever is less, at any given time. This will be a zero interest loan. All monies loaned by CPCFA to the HDV Air Quality Loan Program will be repaid first in full by the ARB

**EXHIBIT B  
BUDGET DETAIL AND PAYMENT PROVISIONS**

when AQIP funds become available. Interest earned on the funds in the ARB SBAF Loan Account shall be repaid to CPCFA on a quarterly basis.

- D. After a lender has enrolled an eligible loan in the program, CPCFA shall approve the transfer of funds from the ARB Program Account, or the ARB SBAF Loan Account if appropriate, to a lender's ARB loan loss reserve account to cover the eligible premiums of the borrower, lender, and CPCFA as provided in Exhibit A, Section D(8).
- E. CPCFA shall pursue a regulation to establish procedures to recapture contribution funds from a lender's loss reserve account. Annually upon maturation of enrolled loans recaptured funds shall be deposited in the Program Account for use into support future contributions for eligible loans and administrative costs. Recapture is not applicable to the contributions for loans which have defaulted or were charged-off. Existing loans will be covered up to the previously approved covered term of the loan. CPCFA shall be authorized to withdraw an amount not to exceed seven percent (7) of the recaptured funds to cover administrative expenditures.

**4. Account Interest Earnings and Maintenance Fees**

- A. ARB funds shall be maintained in interest-bearing accounts as described in the Scope of Work (Exhibit A). Interest generated from funds held in the ARB Program Account shall be deposited quarterly in the ARB Cost Account maintained by the Trustee.
- B. Interest collected from each lender's ARB loan loss reserve account through CPCFA's authorized collection procedures shall be deposited, at a minimum, annually in the ARB Cost Account maintained by the Trustee.
- C. Interest generated from funds held in the ARB Cost Account shall remain in the ARB Cost Account.
- D. Funds held in the ARB Cost Account shall be used to cover Trustee costs related to maintaining the ARB Program Account, ARB SBAF Loan Account and the ARB Cost Account, other Trustee costs related to the maintenance and management of funds and accounts under this I/A, and CPCFA's approved administrative, travel and marketing costs.
- E. **ARB is authorizing CPCFA to withdraw an amount of \$845,838.72 and deposit it in the ARB Cost Account to be used to cover Trustee costs related to the maintenance and management of funds and accounts established under the I/A number 08-607, and CPCFA's approved administrative, travel and marketing costs. This amount represents funds which were intended to be set aside by CPCFA for administrative costs but were not invoiced or executed.**

**5. Unused Funds**

- A. In order to reconcile expenditures by the end of the Interagency Agreement term, CPCFA shall provide ARB a report on unused funds, including interest, in the ARB Program Account and in the ARB Cost Account maintained by the Trustee three (3) months prior to the end of this Interagency Agreement.
- B. CPCFA and ARB agree that funds, including interest, that have not been transferred to a lender's ARB loan loss reserve account, or have not been used to cover costs related to maintaining the ARB Program Account, ARB SBAF Loan Account or CPCFA costs for administration of the HDV Air Quality Loan Program, will remain in the respective account at the Trustee until ARB requests transfer to another designated account for HDV air quality loan programs, or authorizes the use of

**EXHIBIT B**  
**BUDGET DETAIL AND PAYMENT PROVISIONS**

the funds for another HDV air quality loan program under an amended or separate Agreement, or requests the return of the funds.

**6. Requests for Payments**

- A. Upon receipt of quarterly Requests for Payment (See Exhibit B, Attachment 1), ARB shall authorize CPCFA to withdraw funds from the ARB Cost Account to cover Trustee costs related to maintaining the two ARB-designated accounts, and for administration of the HDV Air Quality Loan Program. CPCFA shall be authorized to withdraw an amount not to exceed seven percent (7) of the total funds provided to or recaptured by CPCFA under this Agreement. Travel costs and marketing costs will be submitted on the quarterly Requests for Payment, and may be in excess of the seven (7) percent Trustee and Administrative costs but shall not exceed \$5,000.00 per quarter without prior written consent from ARB.

