

AMENDMENT 2
Grant Agreement G07GMBP1
Proposition 1B: Goods Movement Emission Reduction Program

The parties mutually agree to this Amendment as follows. The reference date of this Amendment is November 1, 2010. The effective date of this Amendment is the date on which it is fully signed by all parties. All actions noted below are by this reference made a part of the Grant Agreement and incorporated herein:

This Amendment adds, deletes, or replaces provisions of the Grant Agreement between the Local Agency and ARB. Deletions to the Grant Agreement are shown below with ~~strikeout~~ text and additions are shown with underlined text unless otherwise noted. ALL OTHER TERMS AND CONDITIONS SHALL REMAIN THE SAME.

Fiscal Year Funds: FY2007-08 (Main Grants)
Trade Corridor: Bay Area
Funding Category: Trucks Serving Ports and Intermodal Rail Yards
Local Agency: Bay Area Air Quality Management District
Program Funds: ~~Up to \$22,833,094~~ \$14,526,891

Purpose. The purpose of Amendment 2 is to document the Local Agency's request and ARB's approval to: (i) reduce the amount of this Grant Agreement G07GMBP1 for Trucks Serving Ports and Intermodal Rail Yards to \$14,526,891, based on redirected funds in the amount of \$8,306,203 to the Local Agency's Grant Agreement G08GMBT1 for Trucks; and (ii) incorporate the changes described below to this Grant Agreement.

CHANGES TO GRANT AGREEMENT G07GMBP1

Page 1, paragraph 1 of the Grant Agreement is replaced by:

"This legally binding Proposition 1B: Goods Movement Emission Reduction Program (Program) GRANT AGREEMENT, including Exhibit 1 attached hereto, dated June 9, 2008 (Date), ~~and AMENDMENT 1, and AMENDMENT 2~~ is made and executed between the STATE OF CALIFORNIA, AIR RESOURCES BOARD ("ARB" or "Board") and the BAY AREA AIR QUALITY MANAGEMENT DISTRICT ("Local Agency"). The program is intended to improve air quality and protect public health through the administration of State incentives for cleaner equipment and technologies associated with freight movement."

Page 1, paragraph 2 of the Grant Agreement is replaced by:

"The Local Agency agrees to perform the work described in the Program grant application as modified and clarified in ARB Resolutions 08-6, 08-12, and 09-40, 10-18, and 10-27, this Grant Agreement, ~~and this Amendment 1, and Amendment 2.~~"

Section II. Documents incorporated by reference is replaced by:

"II. Documents incorporated by reference: This Grant Agreement shall incorporate herein by reference the Local Agency Project Application and the Local Agency Resolution provided to ARB as part of the Application. This Grant Agreement shall also incorporate herein by reference ARB Resolution 08-6, the accompanying *Staff Report on Award of Fiscal Year 2007-08 Funds*, ARB Resolution 08-12, the *Final Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation* ("Guidelines") as adopted by the Board on February 28, 2008 and the associated *Final Staff Report on Guidelines for Implementation* ("Staff Report"), ARB Resolutions 09-40, 10-18, and 10-27, plus any subsequent amendments to those Guidelines that apply to Fiscal Year 2007-2008 funds. The Local Agency is authorized to administer a Local Agency Project according to the requirements in the documents described above."

Section III. Local agency project description is replaced by:

"III. Local agency project description: Subject to the terms and conditions of this Grant Agreement, ~~and Amendment 1, and Amendment 2,~~ ARB will provide funding of \$14,121,094 (Budget Act Chapters 171 and 172, Statutes of 2007, 3900-001-6054) and ~~up to \$8,712,000 \$405,797~~ in supplemental monies (Budget Act Chapters 4-268 and 269, Statutes of 20098, 3900-001-6054 and 3900-490 and/or Budget Act Chapters 171 and 172, Statutes of 2007, 3900-001-6054) to the Bay Area Air Quality Management District to administer a local agency project (Project) in the Bay Area Trade Corridor under the FY2007-08 Program. The Project is administration of Program incentives to equipment owners to upgrade existing heavy-duty diesel trucks in the "Trucks Serving

Ports and Intermodal Rail Yards” source category that haul goods. The Project shall comply with the provisions of this Grant Agreement, Resolutions 08-6, 08-12, and 09-40, 10-18, and 10-27, the Guidelines and any subsequent amendments, and the Staff Report, all as interpreted and implemented by ARB staff.”

Section A.2. Table 1. Program Funding and Performance Benchmarks for Trucks Serving Ports and Intermodal Rail Yards is replaced by:

“Table 1. Program Funding and Performance Benchmarks for Trucks Serving Ports and Intermodal Rail Yards. Emission reductions based on a 5-year project life for truck replacement projects and 2-year project life for truck retrofit projects.

Maximum # Equipment Projects and Funding Cap	Maximum Program Funding Authorized			Estimated		
	Equipment Project Funds	Administrative Funds	Total Funds (Project plus Administrative)	Match Funding and Source	Total Cost of Local Agency Project	Emission Reductions Over Project Life (lbs)
Retrofit projects: 1,632,889 trucks @ \$5,000 per truck	\$8,160,000	\$1,087,290 <u>\$691,756</u>	\$22,833,094 <u>\$14,526,891</u>	\$900,000 (District – Other State)	\$59,839,094 <u>\$42,181,585</u>	NOx: 2,286,000 <u>1,706,584</u>
Replacement projects: 272,203 trucks @ \$50,000 per truck*	\$13,585,804	(5% of equipment project funds)		\$5,000,000 (District – Local)		PM: 265,000 <u>168,263</u>
	<u>\$13,835,135</u>			\$5,400,000 (Port of Oakland)		
				\$25,706,000 <u>\$16,354,694</u> (private)		

Subtotal \$21,745,804

*Last truck may receive less than \$50,000 Trucks may receive less than \$50,000, if requested by equipment owner on equipment project application.”

B. General Program Provisions

Section B.3. Disposal of old equipment is replaced by:

“B.3. Disposal of old equipment: The Local Agency agrees to establish agreements with qualified salvage yards and verify scrappage/disposal of old vehicle, vessel, equipment, or engine consistent with requirements specified in Chapter III.D.13 Chapter IV.A.14 of the Guidelines. The Local Agency understands and agrees that should the Guidelines be amended to allow a disposition other than scrappage/disposal, the Local Agency shall abide by those amended Guidelines.”

Section B.4. Earned interest is replaced by:

"B.4. Earned interest: The Local Agency agrees to maintain records and report on interest earned on Program funds in Local Agency accounts, and to expend earned interest according to the provisions in ~~Chapter III.E.3~~ Chapter IV.B.3 of the Guidelines."

Section B.6. Equipment project contracts is replaced by:

"B.6. Equipment project contracts: The Local Agency shall enter into a legally binding agreement with all equipment owners. The Local Agency agrees to include all equipment project requirements and conditions in contracts with equipment owners, including each provision specified in ~~Chapter III.D.10~~ Chapter IV.A.11 of the Guidelines. The Local Agency agrees to be fully responsible for ensuring all projects comply with minimum criteria and procedures contained in the Guidelines. The Local Agency agrees to include provisions in equipment project contracts to allow ARB or its designee to inspect equipment projects, enforce the terms of Local Agency contracts with equipment owners, and pursue repayment of Program funds for noncompliance with the terms and conditions of the contracts or applicable State laws or regulations."

Section B.12. Non-performance remedies is replaced by:

"B.12. Non-performance remedies: Remedies for resolving areas of Local Agency non-performance shall include, but are not limited to, these actions as described in ~~Chapter II.E.7~~ Chapter II.F.7 of the Guidelines:

- Local agency probation and a corrective action plan.
- Recovery of funds obligated under this Grant Agreement.
- Constraints on the local agency's opportunity to compete for future Program funds."

Section B.15. Recordkeeping and records access for audits is replaced by:

"B.15. Recordkeeping and records access for audits: The Local Agency agrees to establish an official file for the Project which shall adequately document all significant actions relative to the Project. The Local Agency agrees that ARB, DOF, the Bureau of State Audits (BSA), or their designated representative(s) shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Grant Agreement. To meet State and federal bond requirements, the Local Agency agrees to maintain such records as specified in the Guidelines, as well as accounting records and reports for the fund accounts from which the proceeds were disbursed, for a possible audit through ~~October 2044~~ April 2045 or to send all records to ARB by the End Date of the Grant Agreement in an electronic format to be determined by ARB. The Local Agency agrees to allow the auditor(s) access and to copy such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Local Agency agrees to include a similar right of the State to audit records and interview staff in any contract related to performance of this Grant Agreement."

Section B.16. Reporting requirements is replaced by:

“B.16. Reporting requirements: The Local Agency is responsible for submitting to ARB quarterly data updates, semi-annual reports, and Local Agency project completion reports as specified in ~~Chapter III.G.1-3~~ Chapter IV.E.1-3 of the Guidelines. The Local Agency shall submit these updates and reports in the format and manner identified by ARB. The Local Agency agrees that ARB may identify the format and manner of these updates and reports after execution of this Grant Agreement. The Local Agency shall submit quarterly updates and semi-annual reports on the schedule to be established by ARB. The semi-annual reports shall continue through the End Date of the Grant Agreement.”

Section B.18. Small businesses is replaced by:

“B.18. Small businesses: For shore power and truck stop electrification projects involving construction of electric infrastructure to replace diesel engine use, the Local Agency agrees to initiate outreach to small businesses for construction funded under this Grant Agreement, as described in ~~Chapter III.D.2.d~~ Chapter IV.A.2.d of the Guidelines.”

The undersigned parties agree to the terms and conditions as set forth in this Grant Agreement Amendment 2. The undersigned parties certify under the penalty of perjury that they are duly authorized to bind the parties to this Grant Agreement Amendment 2.

CALIFORNIA AIR RESOURCES BOARD PROPOSITION 1B: GOODS MOVEMENT EMISSION REDUCTION PROGRAM	
Local Agency Name: BAY AREA AIR QUALITY MANAGEMENT DISTRICT	
Name Of Local Agency Representative With Signature Authority Jack P. Broadbent	
Title Executive Officer/APCO	
Mailing and Street Addresses 939 Ellis Street, San Francisco, CA 94109	
Local Agency Representative Signature 	Date 11/9/10
CALIFORNIA AIR RESOURCES BOARD	
Name Of ARB Representative With Signature Authority Sheryl Brooks	
Title Chief (Acting), Administrative Services Division	
Mailing And Street Addresses P.O. Box 2815, Sacramento CA 95812 1001 "I" Street, Sacramento CA 95814	
ARB Representative Signature 	Date 11/8/10
Total Amount Encumbered By This Grant Agreement As Amended \$14,526,891	Fiscal Year Funds FY2007-08 and FY2008-10

AMENDMENT 1
Grant Agreement G07GMBP1
Proposition 1B: Goods Movement Emission Reduction Program

The parties mutually agree to this Amendment as follows. The reference date of this Amendment is January 19, 2010. The effective date of this Amendment is the date on which it is fully signed by all parties. All actions noted below are by this reference made a part of the Grant Agreement and incorporated herein:

This Amendment adds, deletes, or replaces provisions of the Grant Agreement between the Local Agency and ARB. Deletions to the Grant Agreement are shown below with ~~strikeout~~ text and additions are shown with underlined text unless otherwise noted. ALL OTHER TERMS AND CONDITIONS SHALL REMAIN THE SAME.

Fiscal Year Funds: FY2007-08 (Main Grants)
Trade Corridor: Bay Area
Funding Category: Trucks Serving Ports and Intermodal Rail Yards
Local Agency: Bay Area Air Quality Management District
Program Funds: \$6,767,250 Up to \$22,833,094

Page 1, paragraph 1 of the Grant Agreement is replaced by:

“This legally binding Proposition 1B: Goods Movement Emission Reduction Program (Program) GRANT AGREEMENT, including Exhibit 1 attached hereto, dated June 9, 2008 (Date), and AMENDMENT 1 is made and executed between the STATE OF CALIFORNIA, AIR RESOURCES BOARD (“ARB” or “Board”) and the BAY AREA AIR QUALITY MANAGEMENT DISTRICT (“Local Agency”). The program is intended to improve air quality and protect public health through the administration of State incentives for cleaner equipment and technologies associated with freight movement.

Purpose. The purpose of this Amendment is to document the Local Agency's request and ARB's approval to (i) increase the amount of this Grant Agreement G07GMBP1 for Trucks Serving Ports and Intermodal Rail Yards up to \$22,833,094 by transferring \$4,263,844 from the Local Agency's existing Grant Agreement G07GMBH1 for Harbor Craft, by transferring \$3,090,000 from the Local Agency's existing Grant Agreement G07GMBL1 for Locomotives, and by providing supplemental monies of up to \$8,712,000, and (ii) incorporate the changes described below to this Grant Agreement.”

CHANGES TO GRANT AGREEMENT G07GMBP1

Page 1, paragraph 2 of the Grant Agreement is replaced by:

"The Local Agency agrees to perform the work described in the Program grant application as modified and clarified in ARB Resolutions 08-6, 08-12 and 09-40, and in this Grant Agreement, and this Amendment 1."

Section I. Term is replaced by:

"I. Term: This Grant Agreement shall be effective as of June 30, 2008 or full execution of this Grant Agreement ("Start Date"), whichever is earlier, and shall continue in full force and effect until such time as all conditions of the Grant Agreement have been met or until ~~June 30, 2019~~ June 30, 2016 ("End Date"), whichever is later. This End Date does not include the 35-year records retention obligation for projects funded with State and federal bonds."

Section II. Documents incorporated by reference is replaced by:

"II. Documents incorporated by reference: This Grant Agreement shall incorporate herein by reference the Local Agency Project Application and the Local Agency Resolution provided to ARB as part of the Application. This Grant Agreement shall also incorporate herein by reference ARB Resolution 08-6, the accompanying *Staff Report on Award of Fiscal Year 2007-08 Funds*, ARB Resolution 08-12, the *Final Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation* ("Guidelines") as adopted by the Board on February 28, 2008 and the associated *Final Staff Report on Guidelines for Implementation* ("Staff Report"), ARB Resolution 09-40, plus any subsequent amendments to those Guidelines that apply to Fiscal Year 2007-2008 funds. The Local Agency is authorized to administer a Local Agency Project according to the requirements in the documents described above."

Section III. Local agency project description is replaced by:

"III. Local agency project description: Subject to the terms and conditions of this Grant Agreement and Amendment 1, ARB will provide funding ~~up to the maximum amount of \$6,767,250~~ \$14,121,094 (Budget Act Chapters 171 and 172, Statutes of 2007, 3900-001-6054) and up to \$8,712,000 in supplemental monies (Budget Act Chapter 1, Statutes of 2009, 3900-001-6054 and/or Budget Act Chapters 171 and 172, Statutes of 2007, 3900-001-6054) to the Bay Area Air Quality Management District to administer a local agency project (Project) in the Bay Area Trade Corridor under the FY2007-08 Program. The Project is administration of Program incentives to equipment owners to upgrade existing heavy-duty diesel trucks in the "Trucks Serving Ports and Intermodal Rail Yards" source category that haul goods. The Project shall comply with the provisions of this Grant Agreement, Resolutions 08-6, Resolution 08-12 and 09-40, the Guidelines and any subsequent amendments, and the Staff Report, all as interpreted and implemented by ARB staff."

Section IV. Definitions is replaced by:

“IV. Definitions: All terms in this Grant Agreement are as defined in the Guidelines unless otherwise specified in this Grant Agreement.

“Guidelines” means the Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation and accompanying Final Staff Report adopted February 28, 2008, and any subsequent amendments to those Guidelines adopted by the Board or enacted via ARB Executive Order.”

A. Funding Category-Specific Elements

Section A.1. Approved project alternatives, Technology alternatives paragraph is replaced by:

- **“Technology alternatives:** For trucks serving ports and intermodal rail yards, the Local Agency shall implement the retrofit, repower, and replacement equipment project options. The Local Agency must make a good faith effort to recruit trucks for each approved equipment project option, and fund all eligible trucks applying for each option up to the ~~minimum~~ number of trucks identified for that option in Table 1. If the demand for an equipment project option is less than the minimum number of trucks identified in Table 1, the Local Agency must document its efforts. ~~and submit documentation to ARB. Upon approval by the Executive Officer, or his or her designee, †~~The Local Agency may then transfer any remaining dollars to other equipment project options awarded to that agency within the truck category as set forth in Table 1. The Local Agency shall retain its documentation for audit purposes showing the good faith solicitation effort, as well as the retrofit applications received, evaluated, and funded according to the competitively ranked list.”

Section A.2., Funding and performance benchmarks is replaced by:

A.3. “Funding and performance benchmarks: The Local Agency shall complete the ~~minimum~~ maximum number of equipment projects to achieve the estimated emission reductions and be eligible to receive up to the specified maximum Program funding amounts, as shown in Table 1 below, with the following additional condition:

The \$11,802,000 in Program funds from the transfer of the locomotive grant and the new supplemental funds is intended to provide \$5,000 towards a particulate filter for the 1,218 trucks owned by truckers who applied on time and qualified under the District’s 2008 and 2009 port truck solicitations, but were denied grants when the money was depleted. These funds will also provide \$50,000 towards the replacement of the 103 trucks owned by truckers who applied on time and qualified for replacement funding under the District’s 2008 solicitation, but did not receive grants. These funds are limited to the specific trucks described above and may not be used to fund additional trucks from new solicitations.

Table 1. Program Funding and Performance Benchmarks for Trucks Serving Ports and Intermodal Rail Yards. Emission reductions based on a 5-year project life for truck replacement projects and 2-year project life for truck retrofit projects.

Minimum Maximum # Equipment Projects and Funding Cap	Maximum Program Funding Authorized			Estimated		
	Equipment Project Funds	Administrative Funds	Total Funds (Project plus Administrative)	Match Funding and Source	Total Cost of Local Agency Project	Emission Reductions Over Project Life (lbs)
Retrofit: 1,089 trucks @ \$5,000 per truck	\$5,445,000	\$322,250 \$1,087,290	\$6,767,250 \$22,833,094	\$900,000 (District – Other State)	\$18,942,250 \$59,839,094	NOx: 604,000 2,286,000
1,632 trucks @ \$5,000 per truck	\$8,160,000	(5% of equipment project funds)		\$5,000,000 (District – Local)		PM: 222,000 265,000
Repower: 45 @ \$20,000 per truck	\$900,000			\$5,400,000 (Port of Oakland)		
Replacement: 2 trucks @ \$50,000 per truck	\$100,000			\$875,000		
272 trucks @ \$50,000 per truck*	\$13,585,804			\$25,706,000 (private)		
Subtotal	\$21,745,804					

*Last truck may receive less than \$50,000

The Local Agency shall not propose to offer Program funding at a level for each equipment project that exceeds the funding caps described in Table 1 and, after reviewing invoices submitted by equipment owners, shall only pay for eligible expenses up to the funding caps identified in Table 1.

The Local Agency agrees that the \$81,977 previously paid by ARB to the Local Agency as initial administrative funds under Grant Agreement G07GMBH1 for Harbor Craft and the \$45,000 previously paid by ARB to the Local Agency as initial administrative funds under Grant Agreement G07GMBL1 for Locomotives shall be applied to the administrative funds authorized under this Amendment 1 and subtracted from the remaining amount available to the Local Agency."

Section A.3. Grant expenditure schedule is replaced by:

“A.3. Grant expenditure schedule: ARB shall authorize payment upon all of the following:

~~approval of a complete and accurate Grant Expenditure Request form and, where applicable, approval of all required reports. At ARB’s discretion, these reports may include entry by the Local Agency of equipment project data into an electronic database maintained by ARB. As described in the Guidelines, the Local Agency may request ARB to expend administrative funds according to the schedule in Table 2 and equipment project funds according to the schedule in Table 2 and equipment project funds according to the schedule in Table 3.~~

- Approval of a complete and accurate Grant Expenditure Request form.
- Approval of all required reports where applicable. At ARB’s discretion, these reports may include entry by the Local Agency of equipment project data into an electronic database maintained by ARB.
- The availability of bond funds for the requested purpose, as documented in a letter from ARB authorizing the Local Agency to proceed with Project implementation. The Local Agency understands and agrees that ARB’s authorization letter may include specific restrictions on expenditures listed in Tables 2 and 3 below, and the Local Agency agrees to comply with all restrictions.
- ARB’s determination that the Local Agency can reasonably execute contracts and close out payment according to the Project Schedule.

The Local Agency may request ARB to expend administrative funds according to the schedule in Table 2, and equipment project funds according to the schedule in Table 3, subject to the availability of bond funds for the requested purpose as documented in a letter from ARB to the Local Agency.

Table 2. ARB Expenditure of Administrative Funds for Trucks Serving Ports and Intermodal Rail Yards

Administrative Funds	Percent of Administrative Funds	Requirements
Initial administrative funds	<u>Up to 50% of total funds, as authorized via ARB letter</u>	May be requested following complete execution of grant agreement.
Additional administrative funds	<u>Remaining funds, as authorized via ARB letter</u>	May be requested after <u>the local agency expends at least 50 percent of the equipment project Program funds, for equipment projects are liquidated by the Local Agency, or ARB comes within six months of ARB’s liquidation deadline, whichever is sooner.</u>

Table 3. ARB Expenditure of Equipment Project Funds for Trucks Serving Ports and Intermodal Rail Yards

Equipment Project Funds	Percent of Equipment Project Funds	Requirements
Initial equipment project funds	Up to 100% of funds authorized via ARB letter	May be requested once the Local Agency posts the <u>an ARB-approved competitively ranked equipment project list on its website that demonstrates a demand for eligible equipment projects at the requested funding level, or within six months of ARB's liquidation deadline as specified in State law, whichever comes first.</u>
Additional equipment project funds	Remaining funds, as authorized via ARB letter	May be requested at any time after the initial expenditure <u>based on an ARB-approved competitively ranked equipment project list that demonstrates demand for eligible equipment projects at the requested funding level from ARB, but no later than six months before ARB's liquidation deadline under State law.</u>

Section A.5. Project schedule is replaced by:

“A.5. Project schedule: The Local Agency shall obligate equipment project funds via executed equipment project contracts no later than ~~December 31, 2009~~ June 30, 2010. The Local Agency shall verify project completion and close out payment for each truck project within ~~48-12~~ months of Local Agency execution of the equipment project contract. Other requirements applicable to this Local Agency Project that include, but are not limited to, evaluation of equipment projects and reporting to ARB shall continue through the End Date of this Grant Agreement.”

B. General Program Provisions

Section B.15. Recordkeeping and records access for audits is replaced by:

“B.15. Recordkeeping and records access for audits: The Local Agency agrees to establish an official file for the Project which shall adequately document all significant actions relative to the Project. The Local Agency agrees that ARB, DOF, the Bureau of State Audits (BSA), or their designated representative(s) shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Grant Agreement. To meet State and federal bond requirements, the Local Agency agrees to maintain such records as specified in the Guidelines, as well as accounting records and reports for the fund accounts from which the proceeds were disbursed, for a possible audit for at least two years after the End Date or three years after final payment, whichever is later through October 2044 or to send all records to ARB by the End Date of the Grant Agreement in an electronic format to be determined by ARB. The Local Agency agrees to allow the auditor(s) access and to copy such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Local Agency agrees to include a similar right of the State to audit records and interview staff in any contract related to performance of this Grant Agreement.”

New Section B.20. is added:

“B.20. Goods Movement Online Database: The Local Agency agrees to enter equipment project data, including equipment owner application information submitted during a solicitation, pre- and post equipment inspection data and photographic evidence, contract execution information, and expenditures of funds into the Goods Movement Online Database in a timely fashion.”

**EXHIBIT 1
STANDARD GRANT AGREEMENT PROVISIONS**

New Section 1-23. is added:

“1-23. Availability of funds: ARB’s obligations under this Agreement are contingent upon the availability of funds. In the event funds are not available, the State shall have no liability to pay any funds whatsoever to the Local Agency or to furnish any other considerations under this Agreement.”

The undersigned parties agree to the terms and conditions as set forth in this Grant Agreement Amendment 1. The undersigned parties certify under the penalty of perjury that they are duly authorized to bind the parties to this Grant Agreement Amendment 1.

CALIFORNIA AIR RESOURCES BOARD PROPOSITION 1B: GOODS MOVEMENT EMISSION REDUCTION PROGRAM	
Local Agency Name: BAY AREA AIR QUALITY MANAGEMENT DISTRICT	
Name Of Local Agency Representative With Signature Authority Jack P. Broadbent	
Title Executive Officer/APCO	
Mailing and Street Addresses 939 Ellis St, San Francisco, CA 94109	
Local Agency Representative Signature 	Date 2/4/2010
CALIFORNIA AIR RESOURCES BOARD	
Name Of ARB Representative With Signature Authority Marie Stephans	
Title Chief, Administrative Services Division	
Mailing And Street Addresses P.O. Box 2815, Sacramento CA 95812 1001 "I" Street, Sacramento CA 95814	
ARB Representative Signature 	Date 2-8-10
Additional Amount Encumbered By This Grant Agreement Amendment 1 \$16,065,844 Total Amount Encumbered By This Grant Agreement as Amended \$22,833,094	Fiscal Year Funds FY2007-08 and FY2009-10 Prop. 1B:

Goods Movement
 Emission Reduction
 Program

Original

State of California
Proposition 1B:
Goods Movement Emission Reduction Program
GRANT AGREEMENT
Between
Air Resources Board and Local Agency

Fiscal Year Funds: FY2007-08 (Main Grants)
Trade Corridor: Bay Area
Funding Category: Trucks Serving Ports and Intermodal Rail Yards
Local Agency: Bay Area Air Quality Management District
Program Funds: \$6,767,250

Grant Number: G07GMBP1

This legally binding Proposition 1B: Goods Movement Emission Reduction Program (Program) GRANT AGREEMENT, including Exhibit 1 attached hereto, dated June 9, 2008 (Date), is made and executed between the STATE OF CALIFORNIA, AIR RESOURCES BOARD ("ARB" or "Board") and the BAY AREA AIR QUALITY MANAGEMENT DISTRICT ("Local Agency"). The Program is intended to improve air quality and protect public health through the administration of State incentives for cleaner equipment and technologies associated with freight movement.

The Local Agency agrees to perform the work described in the Program grant application as modified and clarified in ARB Resolution 08-6 and in this Grant Agreement.

I. Term: This Grant Agreement shall be effective as of June 30, 2008 or full execution of this Grant Agreement ("Start Date"), whichever is earlier, and shall continue in full force and effect until such time as all conditions of the Grant Agreement have been met or until June 30, 2019 ("End Date"), whichever is later.

II. Documents incorporated by reference: This Grant Agreement shall incorporate herein by reference the Local Agency Project Application and the Local Agency Resolution provided to ARB as part of the Application. This Grant Agreement shall also incorporate herein by reference ARB Resolution 08-6, the accompanying *Staff Report on Award of Fiscal Year 2007-08 Funds*, ARB Resolution 08-12, the *Final Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation* ("Guidelines") as adopted by the Board on February 28, 2008 and the associated *Final*

Staff Report on Guidelines for Implementation ("Staff Report"), plus any subsequent amendments to those Guidelines that apply to Fiscal Year 2007-2008 funds. The Local Agency is authorized to administer a Local Agency Project according to the requirements in the documents described above.

III. Local agency project description: Subject to the terms and conditions of this Grant Agreement, ARB will provide funding up to the maximum amount of \$6,767,250 (Budget Act Chapters 171 and 172, Statutes 2007 3900-001-6054) to the Bay Area Air Quality Management District to administer a local agency project (Project) in the Bay Area Trade Corridor under the FY2007-08 Program. The Project is administration of Program incentives to equipment owners to upgrade existing heavy-duty diesel trucks in the "Trucks Serving Ports and Intermodal Rail Yards" source category that haul goods. The Project shall comply with the provisions of this Grant Agreement, Resolution 08-6, Resolution 08-12, the Guidelines, and the Staff Report, as implemented by ARB staff.

IV. Definitions: All terms in this Grant Agreement are as defined in the Guidelines unless otherwise specified in this Grant Agreement.

A. Funding Category-Specific Elements

A.1. Approved project alternatives: The Local Agency may implement the following approved project alternatives, consistent with the Guidelines:

- **Technology alternatives:** For trucks serving ports and intermodal rail yards, the Local Agency shall implement the retrofit, repower, and replacement equipment project options. The Local Agency must make a good faith effort to recruit trucks for each approved equipment project option, and fund all eligible trucks applying for each option up to the minimum number of trucks identified for that option in Table 1. If the demand for an equipment project option is less than the minimum number of trucks identified in Table 1, the Local Agency must document its efforts and submit documentation to ARB. Upon approval by the Executive Officer, or his or her designee, the Local Agency may then transfer any remaining dollars to other equipment project options awarded to that agency within the truck category as set forth in Table 1.
- **Project implementation approaches and contractors:** Not applicable.
- **Procedure/process alternatives:** Not applicable.
- **Geographic operations:** The Local Agency may restrict eligibility for upgrades under this Project to trucks that will serve ports and intermodal rail yards located in the Bay Area Trade Corridor.
- **Lease-to-own option:** The Local Agency may include a lease-to-own component for the replacement projects that complies with the requirements of the Guidelines. The Local Agency shall submit financial and other data detailed in the *Supplemental Application Instructions for Truck Lease-to-Own Programs* posted on ARB's Program website to ARB for review and obtain written ARB approval prior to expenditure of any Program funds for a lease-to-own program.

A.2. Funding and performance benchmarks: Based on the Local Agency application and ARB's funding award, the Local Agency shall complete the minimum number of equipment projects to achieve the estimated emission reductions and be eligible to receive up to the specified maximum Program funding amounts, as shown in Table 1 below.

Table 1. Program Funding and Performance Benchmarks for Trucks Serving Ports and Intermodal Rail Yards

Minimum # Equipment Projects and Funding Cap	Maximum Program Funding Authorized			Estimated		
	Equipment Project Funds	Administrative Funds	Total Funds (Project plus Administrative)	Match Funding and Source	Total Cost of Local Agency Project	Emission Reductions Over Project Life (lbs)
Retrofit: 1,089 trucks @ \$5,000 per truck	\$5,445,000	\$322,250 (5% of equipment project funds)	\$6,767,250	\$900,000 (District - Other State)	\$18,942,250	NOx: 604,000 PM: 222,000
Repower: 45 @ \$20,000 per truck	\$900,000			\$5,000,000 (District - Local)		
Replacement: 2 trucks @ \$50,000 per truck	\$100,000			\$5,400,000 (Port of Oakland) \$875,000 (private)		

The Local Agency shall not propose to offer Program funding at a level for each equipment project that exceeds the funding caps described in Table 1 and, after reviewing invoices submitted by equipment owners, shall only pay for eligible expenses up to the funding caps identified in Table 1.

A.3. Grant expenditure schedule: ARB shall authorize payment upon approval of a complete and accurate Grant Expenditure Request form and, where applicable, approval of all required reports. At ARB's discretion, these reports may include entry by the Local Agency of equipment project data into an electronic database maintained by ARB. As described in the Guidelines, the Local Agency may request ARB to expend administrative funds according to the schedule in Table 2 and equipment project funds according to the schedule in Table 3.

Table 2. ARB Expenditure of Administrative Funds for Trucks Serving Ports and Intermodal Rail Yards

Administrative Funds	Percent of Administrative Funds	Requirements
Initial administrative funds	Up to 50%	May be requested following complete execution of grant agreement.
Additional administrative funds	Remaining	May be requested after 50 percent of the Program funds for equipment projects are liquidated by the Local Agency, or ARB comes within six months of ARB's liquidation deadline, whichever is sooner.

Table 3. ARB Expenditure of Equipment Project Funds for Trucks Serving Ports and Intermodal Rail Yards

Equipment Project Funds	Percent of Equipment Project Funds	Requirements
Initial equipment project funds	Up to 100%	May be requested once the Local Agency posts the competitively ranked equipment project list on its website, or within six months of ARB's liquidation deadline as specified in State law, whichever comes first.
Additional equipment project funds	Remaining	May be requested at any time after the initial expenditure from ARB, but no later than six months before ARB's liquidation deadline under State law.

A.4. Local Agency match funding: The Local Agency shall provide match funding for the Project of \$900,000 in other State funds from the Mobile Source Incentive Fund and \$5,000,000 in non-State funds from the Transportation Fund for Clean Air. The Local Agency shall also pursue funding commitments made by the Port of Oakland for \$400,000 match for the early grants and \$5,000,000 as part of the Local Agency application for this Project.

A.5. Project schedule: The Local Agency shall obligate equipment project funds via executed equipment project contracts no later than December 31, 2009. The Local Agency shall verify project completion and close out payment for each truck project within 18 months of Local Agency execution of the equipment project contract. Other requirements applicable to this Local Agency Project that include, but are not limited to, evaluation of equipment projects and reporting to ARB shall continue through the End Date of this Grant Agreement.

B. General Program Provisions

B.1. Communication: All communication regarding this grant from the Local Agency to ARB should be directed to the ARB Grant Lead identified on ARB's Program website at: <http://www.arb.ca.gov/gmbond>. Send all grant correspondence, including reports and Grant Expenditure Requests, to the named Grant Lead at:

Goods Movement Emission Reduction Program
 Planning and Technical Support Division
 California Air Resources Board

Standard U.S. Mail
 P.O. Box 2815
 Sacramento, CA 95812

Other Mail Services
 1001 I Street
 Sacramento, CA 95814

Fax: (916) 327-8524

B.2. Direct payments to vendors: The Local Agency may make arrangements in equipment project contracts for Local Agency payments to go directly to the engine, truck, or retrofit dealer or manufacturer if requested by the equipment owner.

B.3. Disposal of old equipment: The Local Agency agrees to establish agreements with qualified salvage yards and verify scrappage/disposal of old vehicle, vessel, equipment, or engine consistent with requirements specified in Chapter III.D.13 of the Guidelines. The Local Agency understands and agrees that should the Guidelines be amended to allow a disposition other than scrappage/disposal, the Local Agency shall abide by those amended Guidelines.

B.4. Earned interest: The Local Agency agrees to maintain records and report on interest earned on Program funds in Local Agency accounts, and to expend earned interest according to the provisions in Chapter III.E.3 of the Guidelines.

B.5. Eligible and ineligible costs: All Program expenditures by the Local Agency shall be directly tied to the purchase and installation of upgraded equipment or other eligible equipment project costs as defined in the Guidelines, or to Local Agency administration costs as allowed under this Grant Agreement and the Guidelines. Any cost specifically identified as ineligible in the Guidelines or accompanying Staff Report cannot be paid for or reimbursed with Program funds.

B.6. Equipment project contracts: The Local Agency shall enter into a legally binding agreement with all equipment owners. The Local Agency agrees to include all equipment project requirements and conditions in contracts with equipment owners, including each provision specified in Chapter III.D.10 of the Guidelines. The Local Agency agrees to be fully responsible for ensuring all projects comply with minimum criteria and procedures contained in the Guidelines. The Local Agency agrees to include provisions in equipment project contracts to allow ARB or its designee to inspect equipment projects, enforce the terms of Local Agency contracts with equipment owners, and pursue repayment of Program funds for noncompliance with the terms and conditions of the contracts or applicable State laws or regulations.

B.7. Equipment project inspections: The Local Agency agrees to complete equipment project pre-inspections prior to execution of an equipment project contract and post-inspections prior to reimbursement, except in the case of direct payment to vendor.

B.8. Grant expenditure requests: Grant Expenditure Request Forms can be downloaded from the Proposition 1B: Goods Movement Emission Reduction Program website at: <http://www.arb.ca.gov/gmbond>. Goods and services must be paid for and received within the period from the beginning to the end of the term of the Grant Agreement. All supporting documentation included with the Grant Expenditure Request Form must contain the appropriate grant number prior to submission to ARB.

B.9. Guidelines conformance: The Local Agency agrees to implement the Project in conformance with all applicable requirements of the Guidelines. In the event of any conflicts between this Grant Agreement or any of its amendments, the existing legislation for Proposition 1B, and the Guidelines, the existing legislation shall control,

followed by the Guidelines, any amendments to this Grant Agreement in the reverse order in which they were executed, and the Grant Agreement.

B.10. Insurance: For shore power and truck stop electrification projects involving construction of electric infrastructure to replace diesel engine use, the Local Agency shall ensure that the equipment owner provides and maintains insurance against fire, vandalism and other loss, damage, or destruction of the facilities or structures constructed pursuant to this Grant Agreement, if any, for the life of the equipment project. This insurance shall be issued by a company or companies admitted to transact business in the State of California.

B.11. Non-performance: Non-performance by the Local Agency includes, but is not limited to, identified issues with any one or more of the following areas:

- Failure to comply with the Guidelines or statutes.
- Failure to obligate or expend Program funds within established timelines.
- Insufficient performance or widespread deficiencies with program oversight, enforcement, record keeping, contracting provisions, inspections, audit procedures or any other Program element as determined by ARB.
- Misuse of Program funds.
- Funding of ineligible equipment projects or other items.
- Exceeding administrative fund allotment.
- Insufficient, incomplete, or faulty project documentation.
- Failure to provide required documentation or reports requested from ARB, the Department of Finance (DOF), or other agencies in a timely manner.
- Poor performance as determined by an audit conducted by ARB, DOF or other designated agency or contractor.

B.12. Non-performance remedies: Remedies for resolving areas of Local Agency non-performance shall include, but are not limited to, these actions as described in Chapter II.E.7 of the Guidelines:

- Local agency probation and a corrective action plan.
- Recovery of funds obligated under this Grant Agreement.
- Constraints on the local agency's opportunity to compete for future Program funds.

B.13. Non-performance remedies – fund reversion: Consistent with the provisions of the Guidelines for non-performance, ARB may require that all, or a portion of, the remaining unspent Program funds available for expenditure by ARB and/or the Local Agency plus any earned interest, revert back to the California Ports Infrastructure, Security, and Air Quality Improvement Account.

B.14. Non-performance remedies – withholding of funds: Consistent with the provisions of the Guidelines, ARB may withhold all or any portion of the grant funds provided for by this Grant Agreement in the event that the Local Agency has materially violated, or threatens to materially violate, any term, provision, condition, or commitment

of this Grant Agreement; or the Local Agency fails to maintain reasonable progress toward completion of the Project.

B.15. Recordkeeping and records access for audits: The Local Agency agrees to establish an official file for the Project which shall adequately document all significant actions relative to the Project. The Local Agency agrees that ARB, DOF, the Bureau of State Audits (BSA), or their designated representative(s) shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Grant Agreement. The Local Agency agrees to maintain such records for a possible audit for at least two years after the End Date or three years after final payment, whichever is later. The Local Agency agrees to allow the auditor(s) access and to copy such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Local Agency agrees to include a similar right of the State to audit records and interview staff in any contract related to performance of this Grant Agreement.

B.16. Reporting requirements: The Local Agency is responsible for submitting to ARB quarterly data updates, semi-annual reports, and Local Agency project completion reports as specified in Chapter III.G.1-3 of the Guidelines. The Local Agency shall submit these updates and reports in the format and manner identified by ARB. The Local Agency agrees that ARB may identify the format and manner of these updates and reports after execution of this Grant Agreement. The Local Agency shall submit quarterly updates and semi-annual reports on the schedule to be established by ARB. The semi-annual reports shall continue through the End Date of the Grant Agreement.

B.17. Program acknowledgment: The Local Agency agrees to acknowledge the "Proposition 1B: Goods Movement Emission Reduction Program" as a funding source in any related media events or other publicity material.

B.18. Small businesses: For shore power and truck stop electrification projects involving construction of electric infrastructure to replace diesel engine use, the Local Agency agrees to initiate outreach to small businesses for construction funded under this Grant Agreement, as described in Chapter III.D.2.d of the Guidelines.

B.19. Tax implications: The Local Agency agrees to notify equipment owners of possible tax implications from receipt of Program funds and encourage participants to consult a tax professional.

The undersigned parties agree to the terms and conditions as set forth in this Grant Agreement. The undersigned parties certify under the penalty of perjury that they are duly authorized to bind the parties to this Grant Agreement.

CALIFORNIA AIR RESOURCES BOARD PROPOSITION 1B: GOODS MOVEMENT EMISSION REDUCTION PROGRAM	
Local Agency Name: BAY AREA AIR QUALITY MANAGEMENT DISTRICT	
Name Of Local Agency Representative With Signature Authority <i>Jack P. Broadbent</i> JACK P. BROADBENT	
Title E.O. / APCO EXECUTIVE OFFICER / APCO	
Mailing and Street Addresses 939 ELLIS STREET, SAN FRANCISCO, CA 94109	
Local Agency Representative Signature <i>Jack P. Broadbent</i>	Date 6/13/08
CALIFORNIA AIR RESOURCES BOARD	
Name Of ARB Representative With Signature Authority Marie Stephans	
Title Chief, Administrative Services Division	
Mailing And Street Addresses P.O. Box 2815, Sacramento CA 95812 1001 "I" Street, Sacramento CA 95814	
ARB Representative Signature <i>Marie Stephans</i>	Date 6-9-08
Amount Encumbered By This Grant Agreement \$6,767,250	Fiscal Year Funds FY2007-08

**EXHIBIT 1
STANDARD GRANT AGREEMENT PROVISIONS**

1-1. Amendment: No amendment or variation of the terms of this Grant Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the Grant Agreement is binding on any of the parties.

1-2. Assignment: This grant is not assignable by the Local Agency, either in whole or in part, without the consent of ARB.

1-3. Compliance with law, regulations, etc.: The Local Agency agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and State laws, rules, guidelines, regulations, and requirements.

1-4. Computer software: The Local Agency certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Grant Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

1-5. Conflict of interest: The Local Agency certifies that it is in compliance with applicable State and/or federal conflict of interest laws.

1-6. Damages for breach affecting tax exempt status: In the event that any breach of any of the provisions of this Grant Agreement by the Local Agency shall result in the loss of tax exempt status for any State bonds, the Local Agency shall immediately reimburse the State in an amount equal to any damages paid by or loss incurred by the State due to such breach.

1-7. Disputes: The Local Agency shall continue with the responsibilities under this Grant Agreement during any dispute. Local Agency staff or management may work in good faith with ARB staff or management to resolve any disagreements or conflicts arising from implementation of this Grant Agreement. However, any disagreements that cannot be resolved at the management level within 30 days of when the issue is first raised with ARB staff shall be subject to resolution by the ARB Executive Officer, or his designated representative, whose decision shall be final and binding.

1-8. Environmental justice: In the performance of this Grant Agreement, the Local Agency shall conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.

1-9. Fiscal management systems and accounting standards: The Local Agency agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this Grant Agreement. Unless otherwise prohibited by State or local law, the Local Agency further agrees that it will maintain separate Project accounts in accordance with generally accepted accounting principles.

1-10. Force majeure: Neither ARB nor the Local Agency shall be liable for or deemed to be in default for any delay or failure in performance under this Grant 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, etc.

1-11. Governing law and venue: This grant is governed by and shall be interpreted in accordance with the laws of the State of California. ARB and the Local Agency hereby agree that any action arising out of this Grant Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Local Agency hereby waives any existing sovereign immunity for the purposes of this Grant Agreement.

1-12. Indemnification: The Local Agency agrees to indemnify, defend and hold harmless the State and the Board and its officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the Local Agency, and out of the operation of the Local Agency Project that is the subject of the Grant Agreement.

1-13. Local Agency's responsibility for work: The Local Agency shall be responsible for work and for persons or entities engaged in work, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Local Agency shall be responsible for any and all disputes arising out of its contracts for work on the Project, including but not limited to payment disputes with contractors, subcontractors, and providers of services. The State will not mediate disputes between the Local Agency and any other entity concerning responsibility for performance of work.

1-14. Independent actor: The Local Agency, and its agents and employees, if any, in the performance of this Grant Agreement, shall act in an independent capacity and not as officers, employees or agents of ARB.

1-15. Nondiscrimination: During the performance of this Grant Agreement, the Local Agency and its contractors shall not unlawfully discriminate against, harass, or allow harassment against any employee or applicant for employment because of sex, race, religion, color, national origin, ancestry, disability, sexual orientation, medical condition,

marital status, age (over 40) or allow denial of family-care leave, medical-care leave, or pregnancy-disability leave. The Local Agency and its contractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment.

1-16. No third party rights: The parties to this Grant Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Grant Agreement, or of any duty, covenant, obligation or undertaking established herein.

1-17. Prevailing wages and labor compliance: If applicable, the Local Agency agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. If applicable, the Local Agency shall monitor all agreements subject to reimbursement from this Grant Agreement to assure that the prevailing wage provisions of State Labor Code Section 1771 are being met.

1-18. Professionals: For shore power and truck stop electrification projects involving construction of electric infrastructure to replace diesel engine use, the Local Agency agrees that only licensed professionals will be used to perform services under this Grant Agreement where such services are called for and licensed professionals are required for those services under State law.

1-19. Severability: If a court of competent jurisdiction holds any provision of this Grant 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 those provisions, will not be affected.

1-20. Termination: ARB may terminate this Grant Agreement by written notice at any time prior to completion of the Project, upon violation by the Local Agency of any material provision after such violation has been called to the attention of the Local Agency and after failure of the Local Agency to bring itself into compliance with the provisions of this Grant Agreement in accordance with the non-performance provisions set forth in the Guidelines.

1-21. Timeliness: Time is of the essence in this Grant Agreement. The Local Agency shall proceed with and complete the Project in an expeditious manner.

1-22. Waiver of Rights: Any waiver of rights with respect to a default or other matter arising under the Grant Agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this Grant Agreement are in addition to any other rights and remedies provided by law.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2008 -02

**A Resolution Accepting Goods Movement Emission Reduction Program Funds
From the California Air Resources Board**

WHEREAS, Government Code, Section 8879.23, subdivision (c), paragraph (2) appropriates funds to the State Board for allocation on a competitive basis for projects that are shown to achieve the greatest emission reductions from activities related to the movement of freight along California's trade corridors; and

WHEREAS, California Health and Safety Code, Section 39625 et seq. empowers the California Air Resources Board (CARB) to allocate Goods Movement Emission Reduction Program funds to local public entities, such as the Bay Area Air Quality Management District (District), to provide financial incentives to reduce emissions associated with the movement of freight along California's trade corridors;

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby authorizes the District to enter into an agreement with CARB, accept funds, and provide matching funds under the fiduciary control of the District that are identified in a District project funding demonstration.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is the District representative authorized to sign and submit the local agency project application.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is the District representative authorized to sign/execute the District's project grant agreement between CARB and the District.

BE IT FURTHER RESOLVED, the District's Board of Directors is authorized to approve of a competitively ranked equipment project list indicating the equipment projects selected for funding and a backup list of eligible equipment projects.

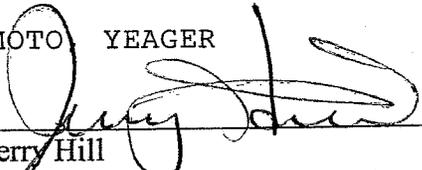
BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is the District representative authorized to sign/execute an equipment project contract between the District and equipment owner.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director SMITH, seconded by Director DUNNIGAN, on the 2nd day of APRIL, 2008 by the following vote of the Board:

AYES: BATES, BROWN, DALY, DUNNIGAN, GARNER, HAGGERTY,
KLATT, KNISS, LOCKHART, MCGOLDRICK, MILEY, ROSS,
SHIMANSKY, SILVA, SMITH, TORLIATT, UILKEMA
WAGENKNECHT, HILL

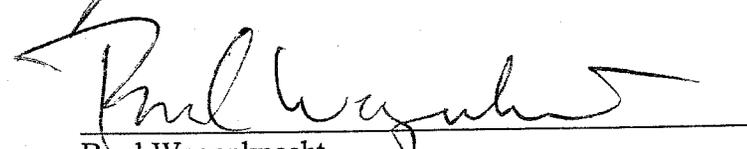
NOES: NONE.

ABSENT: GIOIA, KISHIMOTO, YEAGER



Jerry Hill
Chairperson of the Board of Directors

ATTEST:



Brad Wagenknecht
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Jerry Hill and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 21, 2008

Re: Report of the Budget & Finance Committee Meeting of March 26, 2008

RECOMMENDED ACTION

The Committee may recommend Board of Directors' approval of a resolution authorizing the Executive Officer/APCO to accept up to \$35 million dollars from the California Air Resources Board as part of the first year of funding from the California Goods Movement I-Bond.

BACKGROUND

The Budget & Finance Committee will meet on Wednesday, March 26, 2008. The Committee will receive the following reports and recommendations:

- A) Review of Air District's Reserve Funds;
- B) Presentation of Draft Budget for Fiscal Year 2008/2009; and
- C) Consideration of Recommendation to Authorize the Executive Officer/APCO to Accept up to \$35 Million from the California Air Resources Board from the Goods Movement I-Bond funding.

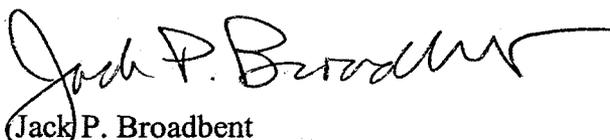
Attached are the staff reports presented in the Budget and Finance Committee packet.

Chairperson Chris Daly will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The Goods Movement Program distributes funds from ARB to the Air District and then to eligible equipment owners. Staff costs for the administration of the Program are included under Programs 321 "California Goods Movement Bond - Early Grants" and 323 "California Goods Movement Bond Grants" in the upcoming FY 2008/2009 budget.

Respectfully submitted,


Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Ann Goodley