This SETTLEMENT AGREEMENT AND RELEASE (hereinafter "Agreement") is entered into between the STATE OF CALIFORNIA AIR RESOURCES BOARD (hereinafter "ARB") 1001 I Street, Sacramento, California 95814, and GORA TRUCKING (hereinafter "GORA TRUCKING"), 3904 Mirasol Drive Ceres, California, 95307.

I. RECITALS

(1) California Health and Safety Code (HSC) section 44011.6 established the Heavy Duty Vehicle Inspection Program (HDVIP). It authorizes ARB to inspect on-road heavy-duty vehicles for excessive smoke emissions and engine tampering and to issue citations, accordingly. The program also requires the vehicle owner to repair its engines that exceed the prescribed ARB smoke opacity standards, perform a post-repair opacity test, and submit proof of repairs and any assessed penalties under the Regulations of the Heavy-Duty Smoke Inspection Program, chapter 3.5, sections 2180-2188, title 13 California Code of Regulations (CCR).

(2) HSC section 43701 provides that ARB shall adopt regulations that require owners or operators of heavy-duty diesel motor vehicles to perform regular inspections of their vehicles for excessive smoke emissions.

(3) Title 13 CCR, section 2190 *et seq.* was adopted under the authority of HSC section 43701 and, with limited exceptions, which are not applicable here, apply to all heavy-duty diesel powered vehicles with gross vehicle weight ratings greater than 6,000 pounds that operate on the streets or highways within the State of California.

(4) Health and Safety Code, Section 39650-39675 mandates the reduction of the emissions of substances that have been determined to be toxic air contaminants (TACs). In 1998, following an exhaustive 10-year scientific assessment process, the Air Resources Board identified particulate matter (PM) from diesel-fueled engines as a toxic air contaminant. In-use On-Road diesel vehicles are powered by diesel fueled engines that emit toxic particulate matter. On-Road vehicles are controlled under section 2025 within title 13 of the California Code of Regulations (CCR).

(5) Title 13 CCR, section 2025(e)(1)(B) states: "Starting January 1, 2012, for all vehicles with GVWR greater than 26,000 lbs, excluding school buses, fleets must meet the requirements of section 2025(g) or fleets that report may instead comply with the phase-in option of section 2025(i)." Title 13 CCR, section 2025(e)(1)(C) states: "Fleets with one to three vehicles with a GVWR greater than 14,000 lbs may utilize the small fleet compliance option of section 2025(h) for vehicles with a GVWR greater than 26,000 lbs."

(6) Failure to comply with the requirements of title 13 CCR, section 2025 is a violation of state law resulting in penalties. California HSC sections

39674(a) and (b) authorize civil penalties for the violation of the programs for the regulation of toxic air contaminants not to exceed one thousand dollars ($1,000) or ten thousand dollars ($10,000), respectively, for each day in which the violation occurs.

(7) GORA TRUCKING has elected to meet the requirements of the Small Fleet Compliance Option provided for in title 13 CCR, section 2025(h).

(8) Title 13 CCR, section 2025(h) states that in lieu of initially complying with the schedule set forth in section 2025(g), a fleet with a fleet size of one to three vehicles with a GVWR greater than 14,000 lbs may alternatively comply with the phase-in schedule to meet PM BACT. Vehicles within the fleet shall meet PM BACT pursuant to the following schedule: one vehicle by January 1, 2014, two vehicles by January 1, 2017, three vehicles by January 1, 2018.

(9) The ARB has documented that GORA TRUCKING failed to meet PM BACT requirements in accordance to the Small Fleet Compliance Option.

(10) In order to resolve these alleged violations, GORA TRUCKING has taken, or agreed to take, the actions enumerated below under "RELEASE". Further, the ARB accepts this Agreement in termination and settlement of this matter.

(11) In consideration of the foregoing, and of the promises and facts set forth herein, the parties desire to settle and resolve all claims, disputes, and obligations relating to the above-listed violations, and voluntarily agree to resolve this matter by means of this Agreement. Specifically, the ARB and GORA TRUCKING agree as follows:

II. TERMS AND RELEASE

In consideration of the ARB not filing a legal action against GORA TRUCKING for the alleged violations referred to above, and GORA TRUCKING'S payment of the penalties set forth in Section 1 below, the ARB and GORA TRUCKING agree as follows:

(1) Upon execution of this Agreement, GORA TRUCKING shall pay a civil penalty of three thousand dollars. Payment shall be made in six monthly payments as described below, beginning on **July 24, 2014.**

SETTLEMENT AGREEMENT AND RELEASE BETWEEN ARB AND **GORA TRUCKING**:

Payment Due Date:	In the Amount of and Paid to:
July 24, 2014	**$500.00** paid to **Peralta Colleges Foundation**
August 15, 2014	**$250.00** paid to **Peralta Colleges Foundation** **$250.00** paid to **Air Pollution Control Fund**
September 15, 2014	**$500.00** paid to **Air Pollution Control Fund**
October 15, 2014	**$500.00** paid to **Air Pollution Control Fund**
November 15, 2014	**$500.00** paid to **Air Pollution Control Fund**
December 15, 2014	**$500.00** paid to **Air Pollution Control Fund**

Please send the signed Settlement Agreement and any future mailings or documents required per the terms of this Settlement Agreement to:

Mr. Nelson Van, Air Pollution Specialist
Air Resources Board, Enforcement Division
P.O. Box 2815
Sacramento, CA 95812

Please submit each payment by the applicable payment due date along with the corresponding "Settlement Agreement Payment Transmittal Form" (Attachment A) to:

California Air Resources Board
Accounting Office
P.O. Box 1436
Sacramento, California 95812-1436

(2) Effect of Untimely Payment. If any payment is more than 15 days late, the entire remaining balance becomes immediately due and payable. In addition, if the Attorney General files a civil action to enforce this settlement agreement, GORA TRUCKING shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees and costs.

(3) It is agreed that if GORA TRUCKING, including its subsidiary or parent company, at any time becomes insolvent, or makes an assignment for the benefit of creditors or similar action adversely involving GORA TRUCKING, its subsidiary, or parent company, or a proceeding or petition under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt, or receivership law or statute is filed by or against GORA TRUCKING, its subsidiary, or parent company, or a trustee in bankruptcy, custodian, receiver or agent is appointed or authorized to take charge of any of GORA TRUCKING's, its subsidiary, or parent company's

properties, or if any deposit account or other property of GORA TRUCKING, its subsidiary, or parent company be attempted to be obtained or held by writ of execution, garnishment, attachment, condemnation, levy, forfeiture or other legal process, or GORA TRUCKING, its subsidiary, or parent company takes any action to authorize any of the foregoing, the entire remaining balance becomes immediately due and payable without notice or demand.

(4) It is further agreed that the penalties described in "Terms and Release", paragraph 1 are punitive in nature, rather than compensatory. Furthermore, the penalty is intended to deter and punish GORA TRUCKING for violations of state environmental statutes, and these penalties are payable to and for the benefit of ARB, a governmental unit. Therefore, it is agreed that these penalties imposed on GORA TRUCKING through by ARB arising from the facts described in recital paragraphs (1) through (9) are non-dischargeable under 11 United States Code § 523 (a)(7), which provides an exception from discharge for any debt to the extent such debt is for a fine, penalty or forfeiture payable to and for benefit of governmental unit, and is not compensation for actual pecuniary loss, other than certain types of tax penalties.

(5) If the Attorney General files a civil action to enforce this settlement agreement, GORA TRUCKING shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's costs, and costs.

(6) GORA TRUCKING shall not violate HSC sections 43701 *et seq.*, 44011.6 *et seq.*, and title 13 CCR, sections 2183, 2190 *et seq*, and 2485 *et seq.*

(7) GORA TRUCKING shall comply with one or both of the following options to attend the CCDET II class (Diesel Exhaust After Treatment and Maintenance), described on the ARB's webpage http://www.arb.ca.gov/enf/hdvip/ccdet/ccdet.htm. This class is conducted by various California Community Colleges and instructs attendees on California's emission regulations and the proper care and maintenance of diesel exhaust after-treatment systems (DEATS).

(a) GORA TRUCKING shall have the fleet maintenance manager (or equivalent) and all staff responsible for maintenance of DEATS attend the CCDET II class. Proof of CCDET II completion shall be provided to ARB within six months of the date of this Agreement and also be maintained in each applicable employee's file for the term of his or her employment.

(b) GORA TRUCKING uses a contractor for the maintenance of DEATS, in addition to having the fleet maintenance manager (or equivalent) attend the CCDET II course, GORA TRUCKING shall obtain proof that the contractor's staff maintaining the DEATS device(s) completed the

CCDET II course within the last four years. This proof of the CCDET II completion shall be provided by GORA TRUCKING to the ARB within six months of the date of this settlement and be maintained with the DEATS installation and maintenance records.

(8) GORA TRUCKING shall complete Low NOx Software Upgrades (reflash) on all applicable heavy-duty diesel engines operating in California and report to the ARB within 45 days of this agreement.

(9) Each 1974 or newer diesel powered heavy-duty vehicle in GORA TRUCKING's fleet shall comply with the ECL regulation as codified in title 13 CCR, section 2183.

(10) GORA TRUCKING shall instruct all employees who operate diesel-fueled vehicles to comply with the idling regulations set forth in title 13 CCR section 2485, within 45 days of this Agreement.

(11) GORA TRUCKING shall not violate the Truck & Bus regulation as codified in title 13 CCR, section 2025 et seq.

(12) GORA TRUCKING shall submit proof of compliance with the Truck and Bus regulation (as codified in title 13 CCR, section 2025), within 45 days of the execution of this Agreement, to **Nelson Van, Air Pollution Specialist, Air Resources Board, Enforcement Division, P.O. Box 2815**.

(13) This Agreement shall apply to and be binding upon GORA TRUCKING, and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and upon ARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

(14) This Agreement constitutes the entire agreement and understanding between ARB and GORA TRUCKING concerning the subject matter hereof, and supersedes and replaces all prior negotiations and agreements between ARB and GORA TRUCKING concerning the subject matter hereof.

(15) No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all parties to this Agreement.

(16) Severability. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.

(17) This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice-of-law rules.

(18) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either party on the ground that said party drafted it.

(19) Senate Bill 1402 (Dutton, Chapter 413, statutes of 2010) requires the ARB to provide information on the basis for the penalties it seeks (see Health and Safety Code section 39619.7). This information, which is provided throughout this settlement agreement, is summarized here:

The manner in which the penalty amount was determined, including a per unit or per vehicle penalty.

Penalties must be set at levels sufficient to discourage violations. The penalties in this matter were determined in consideration of all relevant circumstances, including the eight factors specified in HSC sections 42403 and 43024.

The penalty was discounted due to extreme financial hardship and based on the fact that this was a first time violation and the violator made diligent efforts to comply and to cooperate with the investigation.

Truck and Bus Violations

The per unit penalty for the Truck and Bus violations involved in this case is a maximum of $1,000 per vehicle per day for strict liability violations or $10,000 per vehicle per day for negligent or intentional violations.

The penalty obtained for the Truck and Bus violations involved in this case for failure to meet the requirements of the Small Fleet Compliance Schedule is $3,000.00 or $500.00 per month of violation for one vehicle with a 2002 model year engine (6 months in violation).

The penalty was discounted due to extreme financial hardship and based on the fact that this was a first time violation and the violator made diligent efforts to comply and to cooperate with the investigation.

The provision of law the penalty is being assessed under and why that provision is most appropriate for that violation.

Truck and Bus Violations

The penalty provision being applied for the Truck and Bus regulation (title 13 CCR, section 2025) violations in this case is HSC section 39674 because the Truck and Bus regulation is a Toxic Air Contaminant Control Measure adopted pursuant to authority contained in HSC section 39002 et seq., 39650-39675 and because GORA TRUCKING failed to meet PM BACT requirements for one of their vehicles in accordance to the Small Fleet Compliance Option.

Is the penalty being assessed under a provision of law that prohibits the emission of pollution at a specified level, and, if so a quantification of excess emissions, if it is practicable to do so.

Truck and Bus Violations

The provisions cited above do prohibit emissions above a specified level of g/hp-hr. However, since the hours of operation of the non-compliant trucks involved and their individual emission rates are not known, it is not practicable to quantify the excess emissions.

(20) GORA TRUCKING acknowledges that ARB has complied with Senate Bill 1402 in prosecuting or settling this case. Specifically, ARB has considered all relevant facts, including those listed at HSC section 43024, has explained the manner in which the penalty amount was calculated, has identified the provision of law under which the penalty is being assessed and has considered and determined that this penalty is being assessed under a provision of law that prohibits the emission of pollutants at a specified level.

(21) Penalties were determined based on the unique circumstances of this matter, considered together with the need to remove any economic benefit from noncompliance, the goal of deterring future violations and obtaining swift compliance, the consideration of past penalties in similar cases, and the potential costs and risk associated with litigating these particular violations. Penalties in future cases might be smaller or larger on a per unit basis.

(22) The penalty was based on confidential settlement communications between ARB and GORA TRUCKING that ARB does not retain in the ordinary course of business. The penalty is the product of an arms length negotiation between ARB and GORA TRUCKING and reflects ARB's assessment of the relative strength of its case against GORA TRUCKING, the desire to avoid the uncertainty, burden and expense of litigation,

obtain swift compliance with the law and remove any unfair advantage that GORA TRUCKING may have secured from its actions.

(23) Now therefore, in consideration of the payment on behalf of GORA TRUCKING to the Air Pollution Control Fund and the Peralta Colleges Foundation, the ARB hereby releases GORA TRUCKING and their principals, officers, agents, predecessors and successors from any and all claims, the ARB may have or have in the future based on the circumstances described in paragraph (1) through (9) of the Recitals. The undersigned represent that they have the authority to enter into this Agreement

California Air Resources Board		**GORA TRUCKING**	
Signature:		Signature:	Narvinder Singh
Print Name:	James R. Ryden	Print Name:	NARVINDER SINGH
Title:	Chief, Enforcement Division	Title:	owener oprater
Date:	7/23/14	Date:	7-19-14