June 14, 2021

Andrea Martin
Federal Railroad Administration
Office of Railroad Policy and Development
770 L Street Suite 620
Sacramento, CA, 95814

Project: Draft General Conformity Determination for the Bakersfield to Palmdale Project Section

District CEQA Reference No: 20210507

Dear Andrea Martin:

The San Joaquin Valley Unified Air Pollution Control District (District) has reviewed the Draft General Conformity Determination (DGCD) for the project referenced above from the Federal Railroad Administration (FRA). The project consists of implementation of the Bakersfield to Palmdale section of the High Speed Rail system that will total approximately 80 miles in length (Project). The Project is located in Kern County and Los Angeles County. The District offers the following comments:

1) <u>Voluntary Emissions Reduction Agreement (VERA)</u>

The Draft General Conformity Determination states, "Air Quality Mitigation Measure #1 (AQ-MM#1) of the Draft General Conformity Determination indicates that the High-Speed Rail Authority (HSRA) has entered into a Memorandum of Understanding (MOU) with the District by offsetting to net zero the Project's actual construction emissions of VOC, NOx, PM10, and PM2.5."

The District appreciates the HSRA ongoing commitment to working with the District and appreciates FRA's reference of the mitigation measure AQ-MM#1 in the general conformity determination for air quality. The District and HSRA had entered into an MOU on June 19, 2014, which establishes the framework for fully mitigating to net zero construction emissions of NOx, VOC, PM10, and PM2.5 for the entire High-Speed Train Project throughout the San Joaquin Valley Air Basin, which includes this Bakersfield to Palmdale section. For reference, the District has attached a copy of the MOU to this letter.

To date, the District and HSRA have worked closely to ensure construction air quality emissions of NOx, VOC, PM10, and PM2.5 are mitigated in accordance with the MOU. This MOU requires the HSRA to enter into a VERA with the District for any segment, or portion located in the San Joaquin Valley Air Basin that has been approved for construction by the HSRA, or any other applicable state or federal entity. The MOU applies to the above referenced Project. Therefore, the District recommends that the HSRA enter in a VERA with the District to fully mitigate to net zero Project construction emissions.

2) District Comment Letter

The District recommends that a copy of the District's comments be provided to the HSRA.

If you have any questions or require further information, please contact Eric McLaughlin by e-mail at Eric.McLaughlin@valleyair.org or by phone at (559) 230-5808.

Sincerely,

Brian Clements
Director of Permit Services

John Stagnaro
Program Manager

Enclosure: Memorandum of Understanding between District and HSRA

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into by the California High-Speed Rail Authority ("Authority") and the San Joaquin Valley Unified Air Pollution Control District ("District"). Authority and District are collectively referred to herein as the "Parties" with each being a "Party".

RECITALS

WHEREAS, District is an air pollution control district formed by the counties of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus and Tulare, and the Valley portion of Kern, pursuant to California Health and Safety Code section 40150, et seq.; and

WHEREAS, District is responsible for developing and implementing air quality control measures within the District Boundaries as depicted in Exhibit A ("District Boundaries" or "San Joaquin Valley Air Basin") attached hereto and incorporated herein, including air quality control measures for stationary sources, transportation sources, and indirect sources; and

WHEREAS, despite the best efforts of District, air quality within District Boundaries remains impaired such that the San Joaquin Valley Air Basin is not in attainment of federal Clean Air Act standards for ozone and its precursors NOx and VOCs (extreme nonattainment) and PM2.5 and is in Attainment/Maintenance status for PM1 O(NOx, **VOe,** PM1 Oand PM2.5 collectively, "Criteria Pollutants"); and

WHEREAS, emissions of Criteria Pollutants from the Authority's planned high-speed rail construction within District Boundaries would exacerbate that non-attainment status and could threaten that Attainment/Maintenance status; and

WHEREAS, the San Joaquin Valley Air Basin is unique meteorologically in that it is surrounded on three sides by mountain ranges, including to the west which significantly limits the ability of ocean weather patterns and winds to refresh air in the basin; and

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WHEREAS, the Authority, in partnership with the Federal Railroad Administration ("FRA"), is developing a high-speed train system ("HST System"), which includes construction of guide-way segments, and ancillary facilities such as a Heavy Maintenance Facility, stations, and overpasses for California pursuant to the California High-Speed Rail Act (Public Utilities Code section 18500 *et* seq.) ("Rail Act") and the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (codified at Streets and Highways Code section 2704 *et* seq.) ("Bond Act") that would serve the San Francisco Bay Area, Sacramento, Central Valley, Los Angeles and San Diego through various station-to-station segments ("Segments") (as depicted in Exhibit B); and

WHEREAS, the HST System includes segments or portions thereof that will be constructed, if and when funding can be secured, within the boundaries of the San Joaquin Valley ("SJV") including the following: Merced to San Jose (portion), Merced to Fresno (all), Fresno to Bakersfield (all), Bakersfield to Palmdale (portion), and Sacramento to Merced (portion), collectively referred to as "HST SJV District Portion"; and

WHEREAS, the Authority completed Program-level Environmental Impact Statements/Reports ("EIS/EIR") in 2005, 2008, 2010 and 2012 pursuant to the National Environmental Policy Act ("NEPA") and California Environmental Quality Act ("CEQA") evaluating impacts of the HST System, and selecting preferred route corridors; and

WHEREAS, a project level Final EIS/EIR ("MF FEIR") for the Merced to Fresno Segment ("MF Segment") was approved and certified via Resolution 12-19 ("MF FEIR Resolution") and the MF Segment approved and CEQA findings made via Resolution 12-20 ("MF Segment Resolution") by the Authority's Board of Directors in May 2012 and FRA's associated Record of Decision ("ROD") issued on September 2012; and

WHEREAS, construction of a portion of the MF Segment (from approximately Madera to downtown Fresno) is anticipated to commence in 2014 with connections to the San Francisco Bay Area and Los Angeles Basin expected after year 2028; and

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WHEREAS, the Authority found in the MF FEIR and MF FEIR Resolution that construction of the MF Segment would cause significant air quality impacts from construction emissions of Criteria Pollutants because the San Joaquin Valley Air Basin is in non-attainment for Criteria Pollutants; and

WHEREAS, the Authority has included in the MF Segment Resolution, and in the Draft EIR/EIS for the Fresno-Bakersfield Segment (and anticipates so including in the draft environmental documents for other Segments of the HST SJV District Portion) various requirements and mitigation measures to reduce significant construction emissions associated with the HST SJV District Portion (such as using the cleanest construction and hauling fleet as reasonably practicable, as detailed in MF FEIR AQ-MM#1 and #2); and

WHEREAS, nevertheless, Criteria Pollutant(s) emitted during HST construction within the District Boundaries would still exacerbate and/or threaten the existing non-attainment and maintenance status for Criteria Pollutants within the District Boundaries; and

WHEREAS, during the public process leading up to the MF FEIR, the District recommended in writing that the Authority enter into a Voluntary Emission Reduction Agreement ("VERA") with the District as an additional mitigation measure (because of the emissions offsets VERA implementation would achieve) for construction emission impacts the MF FEIR concluded would occur in the MF Segment; and

WHEREAS, the MF Segment Resolution committed the Authority to entering into a VERA with the District for the MF Segment as a mitigation measure to accomplish net-zero MF Segment construction emissions of Criteria Pollutants because of the San Joaquin Air Basin's difficult air quality challenge *(i.e.,* its non-attainment status), which VERA now has been drafted for the funded Madera-to-Fresno portion of the MF Segment and is near ready for execution ("Madera-to-Fresno VERA"); and

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WHEREAS, the. Authority understands that any significant HST construction emissions air quality impacts from Criteria Pollutants within the District Boundaries could be mitigated through various measures, including emissions offsets to net zero through entry into VERAs, which approach would address the District's view that any net HST construction emissions of Criteria Pollutants within the District Boundaries are impacts that must be fully mitigated; and

WHEREAS, the District has developed Incentive Programs around several core principles, including cost-effectiveness, integrity, effective program administration, excellent customer service, the efficient use of District resources, fiscal transparency and public accountability; and

WHEREAS, the District's Incentive Programs involve the District using monies (such as grant funds and project-proponent-provided monies via a VERA) to fund (usually on a percentage basis) the purchase and use by third parties of newer equipment that emits fewer Criteria Pollutants to replace older, less-clean-burning equipment (such as farm tractors), which the District administers through Individual Incentive Program Funding Agreements ("IIPFAs"); and

WHEREAS, the District's IIPFAs require the user of the new equipment to use the new equipment for a minimum number of hours (based on the user's historical use of the replaced equipment) over a specified number of years, and require permanent destruction of the replaced equipment; and

WHEREAS, the IIPFAs, because of their requirements, result in reductions of Criteria Pollutants that get assigned to the project proponent providing the funding to offset emissions by that project proponent ("Criteria Pollutant VERA Offsets"); and

WHEREAS, the Criteria Pollutant VERA Offsets, because of the requirements of and protections in the IIPFAs, are secured and certified to the Authority by the District ("Secured Criteria Pollutant VERA Offsets") upon execution of each IIPFA; and

WHEREAS, the District's Incentive Programs are regularly audited by independent outside agencies including professional accountancy corporations on

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behalf of the federal government, the California Air Resources Board ("ARB"), the California Department of Finance and the California Bureau of State Audits; and

WHEREAS, the District has determined that with appropriate funding from Authority, the District can source, secure and certify Criteria Pollutant VERA Offsets as necessary for construction of the HST SJV District Portion.

AGREEMENT

NOW THEREFORE, the Authority and the District hereby agree as follows:

1. **Offset of Construction Emissions of Criteria Pollutants**

(i) The Authority shall fully offset all HST SJV District Portion-related HST construction emissions from Criteria Pollutants by achieving surplus, quantifiable and enforceable emissions reductions of Criteria Pollutants.

(ii) For the purpose of this MOU, "fully offset" or "net zero" means that the total amount of all Criteria Pollutants emission reductions secured by the offset reduction measures is equal to, or greater than, the total amount of actual Criteria Pollutant HST construction emissions within the HST SJV District Portion, minus the projected emissions of Criteria Pollutants that would have occurred in the locations of the HST District Portion construction in the absence of HST construction as may be feasible and technically calculable for specific facilities HST might replace (as individual VERAs may include). "Surplus" emission reductions are reductions that are not otherwise required by existing laws or regulations.

(iii) In order to fully offset such construction-related air emissions from the HST SJV District Portion, upon each Segment in the HST SJV District Portion having been approved for construction by the Authority and any applicable state or federal entity, having secured funding for construction, and having approved or certified associated environmental review reports and/or statements as required by applicable law ("Certified Environmental Document"), the Authority and District shall enter into a VERA substantially in the form of the Madera-to-Fresno VERA to cover the portion of the Segment approved and funded for construction within District Boundaries prior to

the commencement of construction of said portion. Notwithstanding the above, nothing in this MOU shall prevent the Authority from commencing any construction if, despite the Authority's best efforts, timely entry into the associated VERA did not occur; in such event, the Parties shall work cooperatively to accomplish entry into the VERA in time for emissions offsets to occur in a timely manner to satisfy applicable law such as contemporaneous offset timing requirements established by the U.S. Environmental Protection Agency for general conformity.

2. **VERA Implementation**

(i) Upon entering into a VERA, the Authority shall provide the District with a meaningful amount of Air Quality Mitigation Funds (as a deposit) as may be specified in each VERA, which the District shall place in a District trust or escrow account until committed in an executed and Authority-approved IIPFA. Such Funds are intended to fund equipment replacement and/or retrofit to achieve Criteria Pollutant VERA Offsets and to fund the District's administrative expenses to implement the VERA, as may be specified in each VERA. The Authority acknowledges that the District will require availability of a meaningful amount of such Funds prior to soliciting and negotiating IIPFAs to accomplish Criteria Pollutant VERA Offsets on the Authority's behalf as part of any individual VERA. The District acknowledges that construction of the HST SJV District Portion is not fully funded, and future funding sources and availability can affect how individual VERAs get funded and the provisions and terms in such VERAs. The total estimated amount of Air Quality Mitigation Funds necessary for each VERA are based on (a) the total tonnage of Criteria Pollutants estimated to be emitted during the HST construction covered by each VERA, as estimated within a Certified Environmental Document or some subsequent estimate based on more then-up-to-date construction information and (b) District's cost per ton per the then-applicable rate contained in District Rule 9510 as set forth in each VERA.

(ii) Upon receipt of a meaningful amount of such Funds as relates to an individual VERA and upon the Authority's written notice to proceed from its Contract

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Manager to the District based on relative certainty of a likely construction start date for the HST construction covered by the relevant VERA, the District will commence negotiating and executing (after Authority limited review and approval) and funding (from the Funds in trusUescrow) IIPFAs to achieve Secured Criteria Pollutant VERA Offsets on behalf of the Authority in a timely manner to satisfy applicable law or general conformity regulations requiring emission reductions to be achieved contemporaneous to the actual emissions to be offset. The Authority will continue to fund the trusUescrow account, and District will continue to negotiate and execute additional IIPFAs to create additional Secured Criteria Pollutant VERA Offsets until sufficient Secured Criteria Pollutant VERA Offsets have been funded to accomplish full offset to net zero for that VERA.

(iii) Upon execution of each IIPFA, District shall issue to the Authority a Secured Criteria Pollutant VERA Offsets Receipt, by which the District ensures to the Authority that such associated offsets listed in the Receipt have been secured with no further involvement or funding by the Authority.

(iv) Through periodic reporting to each other, the Authority will monitor the actual emissions resulting from construction and the District will monitor and match such actual emissions to the total offsets stated in Secured Criteria Pollutant VERA Offsets Receipts issued to date. The District shall certify in writing to the Authority when the total Secured Criteria Pollutant VERA Offsets listed in all Receipts issued fully offset the actual construction emissions of Criteria Pollutant(s) from the HST Segment portion covered by the associated VERA.

3. Refunds

When total offsets stated in Secured Criteria Pollutant VERA Offsets Receipts equal or exceed total actual construction emissions of Criteria Pollutants for the HST construction covered in a VERA, the District shall, upon Authority written request, refund the Authority any remaining Air Quality Mitigation Funds which are not

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encumbered through IIPFAs. The District shall have a reasonable period of time to refund the unencumbered Air Quality Mitigation Funds.

4. Transfer of Segment Excess Emission Reductions

If total offsets stated in Secured Criteria Pollutant VERA Offsets Receipts exceed total construction emissions of Criteria Pollutants for the HST construction covered in a VERA, the Authority shall be credited with such excess emission ("VERA Excess Emission Reduction" or "Excess"). Such VERA Excess Emission Reductions shall be transferred to any other then-existing or future Authority-District VERA. If there is no existing VERA and likely will not be a future VERA in time for the Authority to get value for the Excess, the Authority may transfer the Excess to a third-party developer.

5. District Rule 9510-Indirect Source Review

Authority acknowledges that it is required to comply with all applicable laws that may be in effect as the HST SJV District Portion is implemented, such as the District's current Rule 9510 (including its requirement to submit an Air Impact Assessment Application). The Authority acknowledges that it is subject to all applicable provisions of District Rule 9510 that are in effect at the time of submitting an Air Impact Assessment Application, but the District anticipates that Criteria Pollutant Offsets to be accomplished through VERAs as contemplated by this MOU will satisfy the emissions reductions requirements of current Rule 9510.

6. Term of MOU

This MOU shall be effective upon the date it is signed. The Parties acknowledge that construction of the HST SJV District Portion could span one or more decades. The Parties agree to work cooperatively together over that time period to evaluate any amendments necessary to this MOU to reflect any relevant circumstances that may change, including but not limited to changing state and federal law requirements related to air quality, changes (positive or negative) in the Clean Air Act attainment status of the San Joaquin Air Basin for Criteria Pollutants or other pollutants, changing and evolving HST funding, and changing state and federal law requirements related to

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the HST System. This MOU shall be terminated by its terms when total offsets stated in Secured Criteria Pollutant VERA Offsets Receipts equal or exceed total actual construction emissions of Criteria Pollutants for the HST SJV District Portion.

7. **Exhibits.** The Exhibits to this MOU are fully incorporated and are a part of this MOU, and are:

A. District Boundaries Map

B. HST System and Segment Map

8. **Miscellaneous.** The Recitals set forth above are hereby incorporated into the terms of this MOU. Counterpart and facsimile/computer image signatures shall be treated as originals. Notices under this MOU shall be given in writing to the persons and addresses listed in the then-most-current VERA. This MOU contains all understandings between the Parties as to the matters covered herein and incorporates, integrates and supersedes any different or other oral or written understandings between the Parties as to the matters covered herein. This MOU was prepared equally by both Parties.

IN WITNESS WHEREOF, the Authority and District have executed this MOU and agree that it shall be effective as of the date first written above.

AUTHORITY

High Speed Rail Authority

Jeff Morales
Chief Executive Officer

DISTRICT

San Joaquin Valley Unified Air Pollution Control District

Hub Walsh
Governing Board Chair

Recommended for approval:
San Joaquin Valley Unified Air Pollution Control District

Seyed Sadredin
Executive Director/APCO

Approved as to legal form:

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San Joaquin Valley Unified Air Pollution Control District

Annette Ballatore-Williamson
~~Interim~~ District Counsel

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EXHIBIT A: District Boundaries/San Joaquin Valley Air Basin

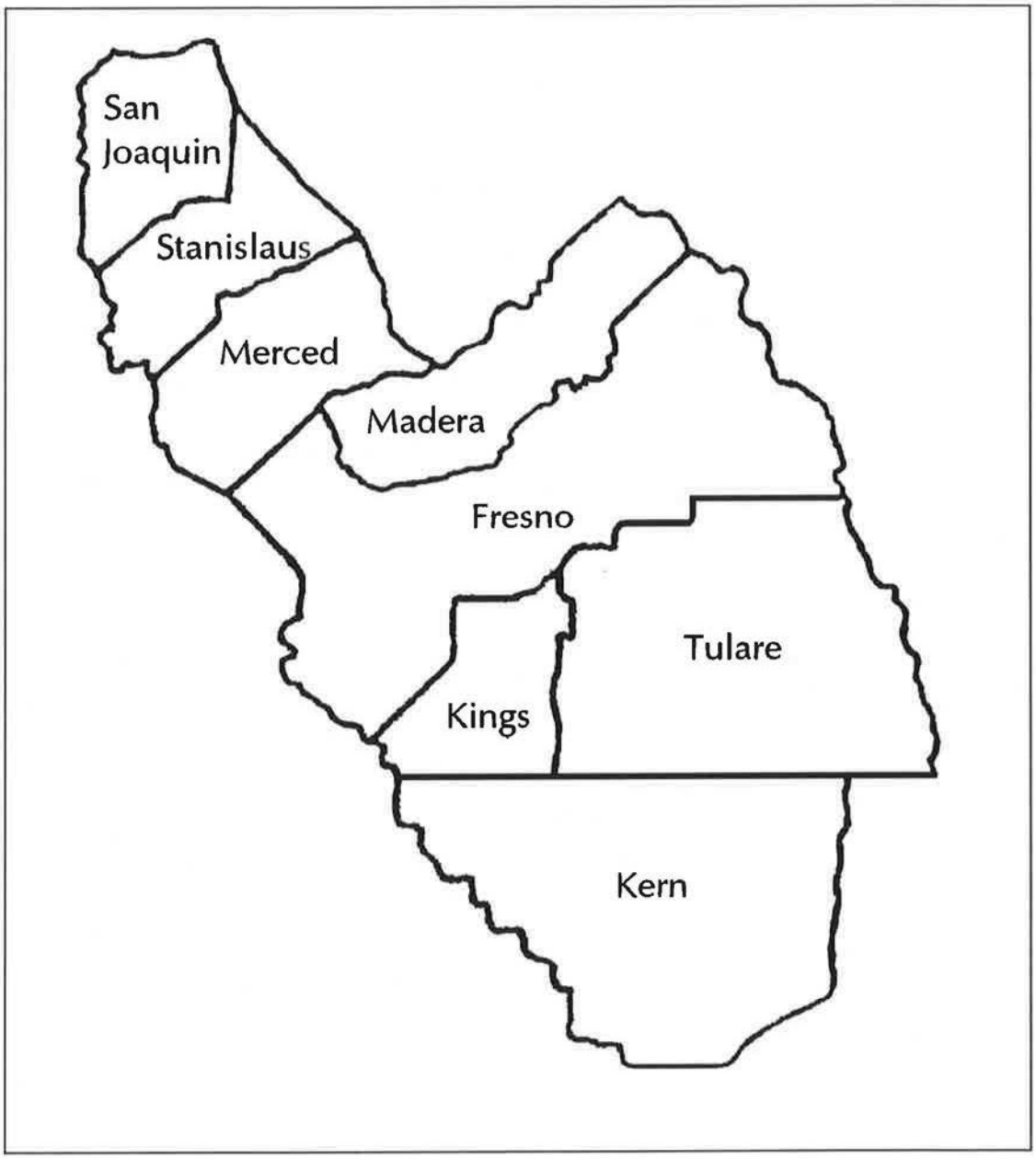

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EXHIBIT B: Segments/Corridors of the HST System

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San Joaquin Valley Unified Air Pollution Control District
Meeting of the Governing Board
June 19, 2014

APPROVE MEMORANDUM OF UNDERSTANDING AND VOLUNTARY EMISSION REDUCTION AGREEMENT WITH THE CALIFORNIA HIGH-SPEED RAIL AUTHORITY FOR THE PURPOSE OF MITIGATING AIR QUALITY IMPACTS

Attachment B:

Voluntary Emission Reduction Agreement
No. 20140105
(56 pages)

STANDARD AGREEMENT

STD. 213 (NEW 06/03)

AGREEMENT NUMBER
HSR14-12
REGISTRATION NUMBER

1. **This Agreement is entered into between the State Agency and the Contractor named below**

STATE AGENCY'S NAME
California High-Speed Rail Authority

CONTRACTOR'S NAME
San Joaquin Valley Unified Air Pollution Control District

2. The term of this Agreement is: June 1, 2014 (or upon DGS approval, whichever is later) through July 31, 2028.

3. The maximum amount of this Agreement is: $1,705,472 ("Agreement Funding Maximum").
One Million, Seven Hundred and Five Thousand, Four Hundred and Seventy-Two Dollars

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement:

Exhibit A - Scope of Work and its Attachments A-1 to A-8 (Attachment A-4 includes a budget)	39	Pages
Exhibit B - Budget Detail and Payment Provisions	1	Page
Exhibit C - General Terms and Conditions	4	Pages
Exhibit D - Special Terms and Conditions	3	Pages
Exhibit E-Supplemental Terms and Conditions for Contracts Using Federal Funds	7	Pages

IN WITNESS WHEREOF, this Agrcement has been executed by parties hereto (aclditiounl signatures on following page 9.)

CONTRACTOR	*Califomia Departl1le1lt ofGe11era/ Services Use 0I1fy*
CONTRACTOR'S NAME (*If other than an individual, slate whether a corporation, partnership, etc.*) San Joaquin Valley Unified Air Pollution Control District	
BY (*Authorized Signature*) ✍ [signature] — DATE SIGNED (*Do not type*) 6/20/14	
PRINTED NAME AND TITLE OF PERSON SIGNING Hub Walsh, Governing Board Chair	
ADDRESS 1990 E. Gettysburg Avenue, Fresno, CA 93726	
STATE OF CALIFORNIA	
AGENCY NAME California High-Speed Rail Authority	
BY (*Authorized Signature*) ✍ [signature] — DATE SIGNED (*Do not type*) 5-29-14	
PRINTED NAME AND TITLE OF PERSON SIGNING Jeff Morales, Chief Executive Officer	D Exempt per:
ADDRESS 770 L Street, Suite 800, Sacramento, CA 95814	

ADDITIONAL SIGNATURE PAGE FOR VERA BETWEEN CALIFORNIA HIGH-SPEED RAIL AUTHORITY AND SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT FOR CONSTRUCTION PACKAGE 1A/1B (MADERA TO FRESNO)
June 2014
HSRA AGREEMENT NUMBER: HSR14-12
DISTRICT AGREEMENT NUMBER: 20140105

The following authorized representatives of the District, by their signatures, recommend and approve this Agreement for execution by the District's Governing Board. ***Recommendedfor approval:***

San Joaquin Valley Unified Air Pollution Control District

Seyed Sadredin
Executive Director/APCO
Date: JUN 16 2014

Approved as to legal form:
San Joaquin Valley Unified Air Pollution Control District

Annette Ballatore-Williamson
District Counsel
Date: JUN 16 2014

Approved as to accounting form:
San Joaquin Valley Unified Air Pollution Control District

Mehri Barati
Director of Administrative Services
Date: JUN 16 2014

EXHIBIT A
SCOPE OF WORK

VOLUNTARY EMISSION REDUCTION AGREEMENT (District No. 20140105) FOR THE MADERA-FRESNO PORTION OF THE MERCED-FRESNO HIGH SPEED RAIL SEGMENT

This Voluntary Emission Reduction Agreement ("Agreement" or "VERA") is entered into between the CALIFORNIA HIGH-SPEED RAIL AUTHORITY ("Authority") and the SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT ("District" or "Contractor"). Authority and District are each a "Party" and collectively are the "Parties". As used herein, "Agreement" or "VERA" includes the Standard Agreement cover page (STD 213), this Exhibit A (Scope of Work) and Exhibits B to E inclusive.

RECITALS

WHEREAS, District is an air pollution control district formed by the counties of Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus and Tulare, and the Valley portion of Kern, pursuant to California Health and Safety Code section 40150, et seq.; and

WHEREAS, District is responsible for developing and implementing air quality control measures within the District Boundaries as depicted in Attachment A-1 ("District Boundaries") attached hereto and incorporated herein, including air quality control measures for stationary sources, transportation sources, and indirect sources; and

WHEREAS, the Authority, in partnership with the Federal Railroad Administration ("FRA"), is developing an electrified high-speed train ("HST") system ("System"), which includes construction of guide-way segments, and ancillary facilities such as maintenance facilities, electrical overhead catenary, stations, and overpasses for California pursuant to the California High-Speed Rail Act (Public Utilities Code section 18500 *et seq.)* ("Rail Act") and the Safe, Reliable High-Speed Passenger Train Bond

EXHIBIT A
SCOPE OF WORK

Act for the 21st Century (codified at Streets and Highways Code section 2704 *et* seq.) ("Bond Act") that would serve the San Francisco Bay Area, Sacramento, Central Valley, Los Angeles and San Diego (as depicted in Attachment A-2); and

WHEREAS, the System includes segments (or portions thereof) that will be constructed within the San Joaquin Valley ("SJV") District Boundaries including the following: Merced to San Jose, Merced to Fresno, Fresno to Bakersfield, Bakersfield to Palmdale, and Sacramento to Merced collectively referred to as "HST SJV District Portion"; and

WHEREAS, in 2014 the Parties anticipate entering into a Memorandum of Understanding to establish the process to fully mitigate (by offsetting to net zero) emissions from construction of the HST SJV District Portion; and

WHEREAS, the Authority completed Program-level Environmental Impact Statements/Reports (EIS/EIR) in 2005 2008, 2010 and 2012 pursuant to the National Environmental Policy Act ("NEPA") and California Environmental Quality Act ("CEQA") evaluating impacts of the System, and selecting preferred route corridors; and

WHEREAS, a project level Final EIS/EIR ("MF FEIR") for the Merced to Fresno Segment ("MF Segment") was certified via Resolution 12-19 ("MF FEIR Resolution") and the MF Segment was approved and CEQA findings made via Resolution 12-20 ("MF Segment Resolution") by the Authority's Board of Directors in May 2012 and FRA's associated Record of Decision ("ROD") issued in September 2012; and

WHEREAS, during the public process leading up to the MF FEIR, the District recommended in writing that the Authority enter this VERA with the District as a mitigation measure for construction emissions (because of the offsets it would achieve); and

EXHIBIT A
SCOPE OF WORK

WHEREAS, construction of a portion of the MF Segment (grade separations, track bed and track bed structures from approximately Madera to downtown Fresno; rails, electrification and stations will be part of a future construction package(s)) is anticipated to commence in 2014 (known as Construction Package 1A/1 B or "CP 1A/1 B"), and the Authority has not secured funding to construct north of Madera; and

WHEREAS, despite incorporation of various requirements and mitigation measures (i.e., using the cleanest construction and hauling fleet as reasonably practicable, as detailed in MF FEIR AQ-MM#1 and #2) to reduce the construction emissions associated with the MF Segment, the Authority concluded in its MF Segment Resolution that construction would nevertheless still cause significant cumulative impacts on air quality within the District Boundaries because of the existing nonattainment status or maintenance status for Criteria Pollutants (extreme nonattainment, in the case of ozone precursors Oxides of Nitrogen ("NOx") and Volatile Organic Compounds ("VOCs")); and

WHEREAS, the Authority in the MF Segment Resolution committed to fully mitigate) cumulative air quality impacts of the MF Segment resulting from construction for VOC, NOx, Particulate Matter of 10 microns or less in size ("PM10") and Particulate Matter of 2.5 microns or less in size ("PM2.5") (the "Offset Obligation"), collectively referred to as "Criteria Pollutants", by offsetting Criteria Pollutants collectively in the aggregate to net zero; and

WHEREAS, the Authority determined the Offset Obligation was feasible because of the District's representations to the Authority about its expertise and its ability to partner with the Authority to implement the Offset Obligation at the Offset Cost Schedule set forth in Table 1; and

EXHIBIT A
SCOPE OF WORK

WHEREAS, the Authority in the MF Segment Resolution committed to causing the emissions offsets to occur within one year of the associated emission to be offset, or longer as permitted by 40 Code of Federal Regulations Part 93 Section 93.163 ("Offset Timing Requirement"); and

WHEREAS, the District has developed Incentive Programs around several core principles, including cost-effectiveness, integrity, effective program administration, excellent customer service, the efficient use of District resources, fiscal transparency and public accountability; and

WHEREAS, the District's Incentive Programs involve the District using monies (such as project-proponent-provided monies) to fund (usually on a percentage basis) the purchase and use by third parties of newer equipment that emits fewer Criteria Pollutants to replace older, less-clean-burning equipment (such as farm tractors), which the District administers through Individual Incentive Program Funding Agreements; and

WHEREAS, the District's Individual Incentive Program Funding Agreements require the user of the new equipment to use the new equipment for a minimum number of hours (based on the user's historical use of the replaced equipment) over a specified number of years, with penalties and remedies for failure to so use the equipment including potentially having to return the funds for redeployment, and require permanent destruction of the replaced equipment; and

WHEREAS, the Individual Incentive Program Funding Agreements, because of their requirements, result in reductions of Criteria Pollutants that get assigned to the project proponent providing the funding (the Authority, in this case) to offset emissions by that project proponent ("Criteria Pollutant VERA Offsets"); and

EXHIBIT A
SCOPE OF WORK

WHEREAS, the Criteria Pollutant VERA Offsets, because of the requirements of and protections in the Individual Incentive Program Funding Agreements, are generated and become secured upon execution of each Individual Incentive Program Funding Agreement; and

WHEREAS, the District's Incentive Programs are regularly audited by independent outside agencies including professional accountancy corporations on behalf of the federal government, the California Air Resources Board (ARB), the California Department of Finance and the California Bureau of State Audits ("Successful Audit History"); and

WHEREAS, the District has determined that with appropriate funding from Authority, the District can generate and certify Criteria Pollutant VERA Offsets to fully offset the CP 1A/1 B portion of the MF Segment ("CP 1A/1 B Portion") construction emissions of Criteria Pollutants; and

WHEREAS, District has a history of successfully implementing at least eleven agreements similar to this VERA at an average cost-effectiveness per ton of $7,911, and has never to date needed to request a project proponent in any of those VERAs or any other VERA to provide funds beyond the original total funds estimate (including administrative fee) and deposit.

AGREEMENT

1. **Offset of Emissions of Criteria Pollutants during Construction for CP 1A/1 B Portion and Cost Estimate**

i. For CP 1A/1 B, the Authority shall fully offset its actual construction emissions of Criteria Pollutants, which offsets the District shall provide and guarantee through the Authority's funding of and the District execution and implementation of

EXHIBIT A
SCOPE OF WORK

Individual Incentive Program Funding Agreements ("IIPFA") that achieve surplus, quantifiable and enforceable emissions reductions.

ii. For the purpose of this Agreement, "fully offset" or "net zero" means that the aggregate sum of all Criteria Pollutants emission reductions achieved by the IIPFAs is equal to, or greater than, the aggregate sum of actual Criteria Pollutant emissions from construction of the CP 1A/1 B Portion, meaning excess offset of one Criteria Pollutant is credited against emissions of other Criteria Pollutants. "Surplus" emission reductions are reductions that are not otherwise required by existing laws or regulations.

iii. CP 1A/1 B extends approximately from the intersection of Avenue 17 and the Burlington Northern Santa Fe ("BNSF") rail line in Madera to the intersection of Santa Clara Street and the Union Pacific rail line in downtown Fresno, as shown in Attachment A-3. Estimated construction emissions of Criteria Pollutants, by year by pollutant, for CP 1A/1 B are set forth in Attachment A-4 ("CP 1A/1 B Criteria Pollutants Estimate"), which reflect implementation of AQ-MM#1 and #2 (contractor's use of a cleaner fleet). Based on the District's current estimated cost-per-ton, plus the District's four percent (4%) administrative cost overhead ("District Overhead") to procure offsets and to implement this Agreement, as specified in Section 2.1, and the CP 1A/1 B Criteria Pollutants Estimate, achieving Criteria Pollutant VERA Offsets for CP 1A/1 B to net zero will cost approximately $1,364,377 ("CP 1A/1 B Offset Cost Estimate"), as also shown in Attachment A-4. This is only an estimate; the actual cost to fully offset CP 1A/1 B may be higher or lower depending upon a number of factors which cannot be precisely determined now, including but not limited to the evolving market price to accomplish offsets and the actual pace and sequencing of construction. Accordingly, the Authority agrees to provide funds up to $1,705,472 ("Agreement Funding Maximum") (which is

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the above amount plus twenty-five percent (25%); any additional amount would require an amendment to this VERA) to fully offset its actual CP 1A/1 B construction emissions of Criteria Pollutants, subject to the District's obligations to secure those offsets on the Authority's behalf in a cost-effective manner as required by Paragraph 2.1.

iv. The Authority at any time may submit to the District a Revised CP 1A/1 B Criteria Pollutants Estimate to reflect then-current information about construction timing, sequencing and equipment. The Authority and District shall work closely after submission to review and revise as necessary to allow District approval in writing within 30 days of submission; the CP 1A/1 B Offset Cost Estimate shall be adjusted accordingly, upon such approval, via Operating Memorandum pursuant to Paragraph 16.ii.

2. Emissions Offsets Funding

2.1 Offset Cost Per Ton

Offset cost estimates under this VERA are based on the District's cost per ton set forth below in Table 1 (Offset Cost Schedule).

Table 1 Offset Cost Schedule

Criteria Pollutants	Cost $/ton
NOx or VOC/ROG	$9,350
PM10 (which includes PM2.5)	$9,011

These per-ton costs are not a guarantee and only an estimate, but the District shall use every reasonable effort to accomplish average per-ton costs, calculated as of its execution of the last IIPFA under this VERA, no higher than these Table 1 costs, as Table 1 might be modified per this Paragraph 2.1. The Table 1 per-ton costs derive from District Rule 9510 (Indirect Source Review) and are subject to change through the

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District's formal public procedures for amending these rules. Consistent with District Rule 3180 (Administrative Fees for Indirect Source Review), the total offset cost estimates shall include (which is included in Attachment A-4) an administrative cost equal to four percent (4%) of the offset cost estimate. Any changes to District Rule 3180 or 9510 will be conducted through the District's formal public procedures and process for amending these rules.

District shall provide written notice (via email and mail) to the Authority of any pending Rule 3180/9510 cost per ton change at least fifteen (15) days prior to any District approval of or decision on such pending change. The results of that change shall be memorialized via Operating Memorandum pursuant to Paragraph 16.ii.

2.2 Air Quality Cost per Ton

Revisions to the CP 1A/1B Offset Cost Estimate (as contemplated in Paragraphs 1 and 3.2) shall be based on Table 1 or the average cost-effectiveness the District then projects it will accomplish for this VERA (based on the IIPFAs then executed to date under this VERA), if the District concludes after consulting with the Authority that the projected cost-effectiveness will be different than Table 1 (as Table 1 might be modified per Paragraph 2.1).

2.3 Payment of Funds for Criteria Pollutant VERA Offsets

i. Within fifteen (15) days after this VERA has been entered into by the Authority and the District, and then approved by the California Department of General Services ("DGS"), the District shall send to the Authority an Initial Invoice in the form of Attachment A-5, or in another form as the Authority may reasonably request.

ii. Within one hundred twenty (120) days after the Authority receives the Initial Invoice from the District or DGS has approved this VERA, whichever is later, the

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Authority shall deposit with the District initial funds in the amount of five-hundred thousand dollars ($500,000) ("Initial Deposit"), or a greater amount if the parties so agree via Operating Memorandum pursuant to Paragraph 16.ii, as initial funding towards the CP 1A/1 B Offset Cost Estimate. This initial deposit and each subsequent deposit are collectively referred to herein as "Deposits" with each being a "Deposit".

iii. The District will place each Deposit into a District-held but segregated High Speed Rail Offset Funding Trust Account. Deposits will be used to fund Individual Incentive Program Funding Agreements. Deposits in the High Speed Rail Offset Funding Trust Account are held by the District in trust for the Authority and are the property of the Authority until moved to the District's Committed High Speed Rail Offsets Funds Account under Paragraph 2.4. This High Speed Rail Offset Funding Trust Account shall serve all Authority VERAs as the Authority replenishes it in accordance with Paragraph 2.4.

2.4 Individual Incentive Program Funding Agreements; Secured Criteria Pollutant VERA Offsets Receipt; Trust Account Replenishment

i. Upon the Authority's submission to District of the Initial Deposit (and upon the Authority's written notice to proceed from its Contract Manager to the District based on relative certainty of a likely construction start date) and upon each Authority additional Deposit, the District is obligated to use Deposits to enter into IIPFAs to achieve Criteria Pollutant VERA Offsets for construction of the CP 1A/1 B Portion on behalf of the Authority to the extent required under this Agreement. District shall use diligent efforts to negotiate and prepare draft Individual Incentive Program Funding Agreements with the owners and/or operators of the pollution source equipment ("IIPFA Equipment User") within District Boundaries, as identified by the District's Incentive

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Programs (such Agreements may not involve retrofit of existing equipment or facilities). District shall use reasonable efforts, balanced with other requirements of this VERA, to prioritize owners and/or operators of pollution source equipment that will lead to generation of Criteria Pollutant VERA Offsets located as close as possible geographically to the location of the CP 1A/1 B construction.

ii. IIPFAs shall include the following: (a) the business address of the IIPFA Equipment User; (b) the Tax Identification Number of the IIPFA Equipment User; (c) the location(s) where the funded equipment is anticipated to be used; (d) replaced equipment disposal requirement; (e) description of replaced and new equipment; (f) minimum annual usage requirement for new equipment; and (g) the Authority named as an intended third-party beneficiary if the Authority so requests and the District so agrees. The Parties may adjust the preceding IIPFA content requirements via Operating Memorandum (pursuant to Paragraph 16.ii) if necessary to improve VERA implementation, provided such adjustments will allow the Authority to meet its auditing and reporting requirements.

iii. The District shall provide each negotiated draft IIPFA to the Authority via e-mail prior to District execution, together with a draft Criteria Pollutant VERA Offsets Receipt (defined in Paragraph 2.4.v. below) specifying clearly the amount of Criteria Pollutant VERA Offsets, by pollutant by year, the IIPFA will provide, how much such Criteria Pollutant VERA Offsets will cost out of the Deposit funds (including District Overhead), and the per-ton-by-pollutant cost, for review by the Authority within five (5) business days. Authority's review is limited to ensuring each IIPFA and associated draft Criteria Pollutant VERA Offsets Receipt (a) identifies the quantity of Criteria Pollutant reductions of which type are generated by the IIPFA in each year and associated costs

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(so the Authority knows exactly what it is paying for at what cost) and (b) meets the requirements in Paragraph 2.4 (sub-sections i and iii) of this VERA for what IIPFAs and Criteria Pollutant VERA Offsets Receipts must contain.

iv. Upon full execution of an Authority-approved IIPFA, District may move funds equal to that shown in the associated draft Criteria Pollutant VERA Offset Receipt, including District Overhead which is to compensate the District for its staff time and other administrative costs to implement the IIPFA on behalf of the Authority. The Authority acknowledges that District has provided historical and auditable documentation to the Authority demonstrating that 4% is a reasonable approximation of the District's costs to implement agreements such as this VERA and IIPFAs; District agrees to provide any further of such documentation during the term of this VERA if the Authority reasonably concludes that such further documentation is necessary to satisfy any future audits or the FRA.

v. Within ten (10) days after full execution of each Authority-approved IIPFA, District shall provide a copy of that IIPFA and a Criteria Pollutant VERA Offsets Receipt (in the form of Attachment A-6, or in another form as the Authority may reasonably request) to the Authority specifying the amount of Criteria Pollutant VERA Offsets, by pollutant by year, secured by the IIPFA ("Secured Criteria Pollutant VERA Offsets"), how much such Criteria Pollutant VERA Offsets cost out of the Deposit funds (including the District Overhead), and the per-ton-by-pollutant cost. Thereafter, the District is obligated to implement each IIPFA and to ensure, at no further cost to and no further involvement by the Authority, that associated Secured Criteria Pollutants VERA Offsets are generated as set forth in the associated Criteria Pollutant VERA Offsets Receipt; should such generation fail as to any IIPFA and associated Criteria Pollutant VERA

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Offsets Receipt, the District shall take whatever steps are required (including but not limited to entering into additional IIPFAs, and funding them at no cost to the Authority) to ensure that substitute emissions reductions occur equivalent in amount to the associated Criteria Pollutant VERA Offsets Receipt, and in a timing manner that allows the Offset Timing Requirement to be met for actual Criteria Pollutant Emissions from CP 1A/1 B construction.

vi. The District shall keep detailed records of the generation of Secured Criteria Pollutants VERA Offsets over the life of the performances required under the associated IIPFA, consistent with District's record-keeping practices that have led to its Successful Audit History; District shall make such records available to the Authority and/or FRA for review upon request and shall keep such records for fifteen (15) years.

vii. Upon receiving any Criteria Pollutant VERA Offsets Receipt, the Authority shall have no more than sixty (60) days to replenish the High Speed Rail Offset Funding Trust Account in the amount of that Receipt until total Deposits equal the CP 1A/1 B Offset Cost Estimate as it may by then have been adjusted pursuant to Paragraphs 1(iv) or 3.2(i). The District acknowledges that this sixty-day requirement is dependent upon the Authority receiving the required replenishment amount from FRA as reimbursement to the Authority of the Criteria Pollutant VERA Offsets Receipt amount. This subsection is not a limit on the Authority's obligations set forth in Paragraph 1.

viii. The District shall use every reasonable effort initially to match the Secured Criteria Pollutant VERA Offsets to the by-pollutant-by-year CP 1A/1 B Criteria Pollutants Estimate listed in Attachment A A (as it may get revised per Paragraph 1(iv)) to satisfy the Offset Timing Requirement on a 1:1 basis (not the higher offset ratios permitted by the Offset Timing Requirement), and shall adjust those efforts over time as reasonably

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possible (including by delaying execution of further IIPFAs if Criteria Pollutant VERA Offsets production get too far ahead temporally of actual emissions) to reflect actual emissions of Criteria Pollutants, as reported in accordance with Paragraph 3.2. The District shall advise the Authority in writing, as soon as the District recognizes and before executing any additional IIPFAs, if it reasonably determines that the 1:1 standard cannot be met, in which case the Parties shall meet and confer to develop an implementation strategy to ensure the timing and amounts of emissions reductions occur at a minimum as specified by the Offset Timing Requirement.

3. Segment Related Construction Emissions

3.1 Actual Construction Emissions Assessment

i. Commencing at first to occur of excavation, grading, demolition, construction-vehicle travel on paved or unpaved surfaces creating vehicle exhaust, any of which occurs for the sole purpose of constructing (but not designing) the CP 1A/1 B Portion ("Construction"), the Authority shall start collecting detailed daily Construction information to determine the actual Criteria Pollutant Construction emissions for the CP 1A/1 B Portion. To determine the actual Criteria Pollutant Construction emissions for that Portion (for inclusion in the Construction Report required by Section 3.1.iii), the Authority shall use the California Emissions Estimator Model (CalEEMod), or any substitute computer model or analysis approved by the District (such as a spreadsheet containing hand calculations using the most current emission factors for quantifying actual construction emissions). The District and Authority shall agree in writing upon, via Operating Memorandum pursuant to Paragraph 16.ii, the date Construction started so as to fix subsequent reporting deadlines.

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ii. Construction information shall include emission sources associated with the on-site and off-site construction activities. For on-site construction activities, the Authority shall collect data for all off-road equipment by equipment type, engine horsepower, engine model year, and total daily hours of operation for each construction activity (i.e., site preparation, grading, paving, demolition, etc.). For off-site construction activities, the Authority shall collect all vehicle trips by general category of activity (employee and vendor travel or materials delivery), by vehicle type (i.e., auto, light-duty truck, heavy duty truck) and their associated total vehicle miles. The on-site and off-site construction activities will be monitored by the Authority, as presented in Attachment A-Z ("Construction Reporting Detail Information"). Records of the construction information shall be kept by the Authority for fifteen (15) years and made available to the District upon request.

iii. The Authority shall submit to the District a Construction Report within sixty (60) days starting at the end of every three (3) month period (or other frequency, as the Parties may agree in writing via Operating Memorandum pursuant to Paragraph 16.ii) following the start of Construction, and within sixty (60) days of any termination pursuant to Section SA.ii. The Construction Report, as outlined in Attachment A-8, shall be based on the Construction Reporting Detail Information collected during every three (3) month period and any other information or data as the Parties may agree to via Operating Memorandum pursuant to Paragraph 16.ii. The District shall evaluate the Construction Report and provide its review in the Emission Reduction Status Report in accordance with Paragraph 3.2. Upon completion of the entire CP 1A/1 B Construction activities that generate material amounts of Criteria Pollutants, but no later than sixty (60) days after the Authority's issuance to its CP 1A/1 B contractor of Certificate of Final Acceptance,

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the Authority shall submit to the District a Final Construction Report summarizing all actual Construction related Criteria Pollutant emissions for CP 1A/1 B.

3.2 Emission Reduction Status Reporting

i. Upon the District's receipt of the Construction Report, the District shall have sixty (60) days to prepare and submit to the Authority an Emission Reduction Status Report ("Status Report"). This Status Report shall compare the Secured Criteria Pollutant VERA Offsets to date to the emissions of Criteria Pollutants in the CP 1A/1 B Construction Reports to date. The Status Report also shall identify the average cost-effectiveness (in dollars per Criteria Pollutant per ton) based on the IIPFAs then executed to date under this VERA. Based on the foregoing in this Paragraph 3.2.i, the Status Report shall identify whether the then-current CP 1N1 B Offset Cost Estimate is accurate and if not accurate shall propose a re-adjustment as necessary for the Authority's review and consideration for approval within thirty (30) days. The Status Report also shall provide an accounting of (a) the High Speed Rail Offset Funding Trust Account, (b) the Committed High Speed Rail Offsets Funds Account (listing the IIPFA associated with each funds commitment entry) and (c) funds actually paid out from the Committed High Speed Rail Offsets Funds Account (listing the IIPFA associated with each pay out and the associated Secured Criteria Pollutant Offset amount). The District agrees to meet telephonically or in person with the Authority if the Authority has any questions related to any Status Report.

ii. When the total Secured Criteria Pollutant VERA Offsets equal or exceed the total emissions of Criteria Pollutants reported in Construction Reports through the Final Construction Report for CP 1A/1 B, the District shall issue a Final Status Report so verifying. Excess offsets achieved shall be handled pursuant to Paragraph 3.4. Any

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funds then remaining in the High Speed Rail Offset Funding Trust Account associated with CP 1A/1 B shall be returned to the Authority by the District within thirty (30) days of issuing the Final Status Report, unless otherwise agreed to in writing by the Authority.

3.3. MF Segment Construction Phases after CP 1A/1 B

Construction within the MF Segment beyond CP 1A/1 B will be handled via amendment to this VERA or via a separate VERA, as the Parties subsequently may agree in such amendment or separate VERA.

3.4. Disposition of Excess Secured Criteria Pollutants VERA Offsets

i. If total Secured Criteria Pollutant VERA Offsets exceed the total actual emissions of Criteria Pollutants reported in Construction Reports through the Final Construction Report for CP 1A/1 B ("CP 1A/1 B Excess Secured VERA Offsets"), as reported in the Final Status Report, such CP 1A/1 B Excess Secured VERA Offsets can be transferred to any other Authority construction within District Boundaries; use of such transfers must comply with the Offset Timing Requirement. Such transfer shall be deemed effective fifteen (15) days after Authority written notification to the District of such transfer. If other Authority construction is not available to receive the benefit of such a transfer, the Authority may transfer the CP 1A/1 B Excess Secured VERA Offsets to a third-party development project in the District Boundaries unless then-applicable law prohibits such a transfer.

ii. If CP 1A/1 B construction gets de-funded, halted or suspended for whatever reason for a predicted material amount of time, and if total Secured Criteria Pollutant VERA Offsets exceed the total emissions of Criteria Pollutants for CP 1A/1 B construction up to the construction halt or de-fund date, the District shall not enter any further IIPFAs for CP 1A/1B and the Authority may transfer the excess Secured Criteria

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Pollutant VERA Offsets to other Authority construction or to a third-party development project(s) in the District Boundaries. In addition, District shall apply any funds then in the High Speed Rail Offset Funding Trust Account for CP 1A/1 B to any then-active other Authority-District VERA(s); if there are none, then the District shall return to the Authority (if the Authority so requests) any such funds. Prior to re-starting CP 1A/1 B construction, the Authority shall deposit with the District funds equivalent to the transferred Secured Criteria Pollutant VERA Offsets plus any amount returned to the Authority (or applied to non-CP 1A/1 B Authority construction) out of the High Speed Rail Offset Funding Trust Account pursuant to the preceding sentence.

4. District Rule 9510 (Indirect Source Review) Requirement

Authority acknowledges that it is required to comply with Rule 9510. The Authority has submitted, and the District has approved, an Air Impact Assessment ("AIA") Application, consistent with District Rule 9510 (Indirect Source Review) requirements. The Authority acknowledges that it is subject to all applicable provisions of District Rule 9510 that are in effect at the time of submitting an Air Impact Assessment Application.

5. Subsequent Litigation, Legislation and/or Administrative Action / Credit to the Authority

In the event that despite this Agreement, Authority is required as a result of a final judgment or District Approved Settlement (as defined below) in any third-party litigation, to pay monies in addition to the monies to be paid by Authority pursuant to this VERA, then District shall acknowledge and credit Authority with any additional emission reduction achieved to offset MF Segment construction emissions that will result from Authority's payment of such additional monies. For purposes of this Paragraph, a

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"District Approved Settlement" shall mean a settlement of a lawsuit filed pursuant to CEQA, NEPA or other applicable environmental law which (i) provides for Authority's payment of monies in exchange for a dismissal of such lawsuit, (ii) provides for the use of such monies by the petitioner in such lawsuit in such a manner as to mitigate adverse air quality impacts of the MF Segment, and (iii) is approved in writing by District. The District shall have no authority to commit the Authority's money in any settlement of a third-party lawsuit without the Authority's consent, and the District shall have no authority over the Authority's ability or decision to settle or terms of settlement; the District's role is limited to evaluating any settlement for credit-giving purposes as stated above.

5A. Term of Agreement

i. This Agreement shall be effective upon the date fully executed and approved by the California Department of General Services, and shall terminate automatically upon the first to occur of (1) July 31, 2028, or (2) generation of all emissions reductions secured by the Secured Criteria Pollutant VERA Offsets required under this VERA, at which time the District shall so inform the Authority in writing.

ii. At any time prior to the events listed in Paragraph 5A.i, for any reason notwithstanding anything to the contrary in this VERA, but only after the Parties complete dispute resolution under Paragraph 6, either Party may by written notice to the other Party ("Termination Notice") terminate this Agreement; termination shall be effective upon the date the receiving party receives the Termination Notice and shall release the Parties from all VERA obligations to each other except as provided below and elsewhere in this Agreement. District shall refund to the Authority any funds in the High Speed Rail Offset Funding Trust Account associated with CP 1Af1 B construction

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a of the date the District receives (or sends) the Termination Notice. Notwithstanding termination by Termination Notice by either Party or because the VERA end date of July 31, 2028, has been reached, District's obligations to oversee implementation of IIPFAs, to ensure that Secured Criteria Pollutants VERA Offsets are generated as set forth in Criteria Pollutant VERA Offsets Receipts, and to keep detailed records of the generation of Secured Criteria Pollutants VERA Offsets over the life of the IIPFAs, as required by Paragraph 2.4, shall remain effective for as long as necessary to ensure generation of all emissions reductions secured by the Secured Criteria Pollutant VERA Offsets regardless of termination by any means. In the event the Authority terminates this Agreement (unless the Authority terminates because the District materially breaches this Agreement or because funding for the construction of the CP 1A/1 B Portion is deleted or cancelled), or in the event the District terminates this Agreement because the Agreement Funding Maximum is not increased via VERA amendment despite the Parties' agreement that additional funding is necessary to satisfy the emissions-offset purposes of this VERA, the Authority shall consult with the District as the Authority develops a feasible alternative strategy to comply with the remainder of its Offset Obligation, which alternative strategy the Authority shall use best efforts to develop within ninety (90) days of such termination and regarding which the Authority thereafter shall obtain District's approval (which approval shall not be unreasonably withheld), which consultation and approval requirement shall survive such termination.

6. Dispute Resolution

In the event a dispute arises between the Parties about any provision in this Agreement or the implementation of this Agreement that cannot be resolved through

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discussions between the Parties or their authorized representatives, the following steps shall be taken.

i. The Executive Officer of the Party alleging a dispute shall send a letter to the other Party's Executive Officer outlining the dispute and the action desired. The receiving Party shall respond in writing within twenty-one (21) days. Should either Party request, the Executive Officers shall meet by telephone or in person.

ii. If despite Executive Officer communications the Parties cannot resolve the dispute, the Parties shall mediate the dispute in good faith if one Party so requests in writing. Mediation shall be conducted by JAMS mediation services (or a substitute, if the Parties mutually agree) in Sacramento by a mediator mutually selected by the Parties. The Parties shall use their best efforts to schedule the mediation to take place no later than two (2) months after the date mediation is requested, subject to mediator availability. The Partil:ls shall share equally the costs of mediation as invoiced by JAMS or substitute (unless the Parties agree otherwise on a case-by-case basis), but shall bear their own attorney's fees.

iii. If mediation does not resolve the dispute, either Party may commence litigation in a court of competent jurisdiction, subject to the provisions of Paragraph 19.

iv. Should the dispute be of an urgent nature, the aggrieved Party may commence litigation without first completing mediation. In such case, the Parties shall mediate and litigate concurrently, with mediation occurring pursuant to Paragraph 6.ii.

v. The Parties shall continue to perform their obligations under this VERA during the dispute resolution process, unless the dispute at issue would prejudice one Party if that Party continued to perform a particular obligation; in such case, the Parties shall attempt to make arrangements, including contingencies as necessary, to allow the

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Party to continue to perform the obligation during dispute resolution to allow the Party to perform the obligation in question without risk of prejudice.

7. Representations, Covenants and Warranties

7.1. The Authority's Representations, Covenants and Warranties.

The Authority represents, covenants and warrants to District, as of the date of this Agreement, as follows:

i. The undersigned representative(s) of the Authority are duly authorized to execute, deliver and perform this Agreement, and upon the Authority's execution and delivery of this Agreement, this Agreement will have been duly authorized by the Authority.

ii. Upon execution and delivery of this Agreement by the Authority, the Authority's obligations under this Agreement shall, subject to Legislative appropriation and availability of funds and review and approval by the California Department of General Services, be legal, valid and binding obligations of the Authority, duly enforceable at law and in equity in accordance with the terms and conditions of this Agreement.

iii. There is no lawsuit, legal action, arbitration, legal or administrative proceeding, legislative, quasi-legislative or administrative action or claim existing, pending, threatened or anticipated which would render all or any portion of this Agreement invalid, void or unenforceable in accordance with the terms and conditions thereof, with the exception of pending and anticipated legal proceedings that could lead to suspension or stoppage of CP 1A/1 B construction and/or its funding which would suspend or stop the Authority's ability and need to fund emissions offsets for that suspended or stopped construction.

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iv. Other than the execution and delivery of this Agreement by the undersigned representatives of Authority, and approval by the Board of Directors of the Authority (if and as required by Authority rules and delegations) and approval by DGS, there are no approvals, consents, confirmations, proceedings, or other actions required by Authority or any third party, entity or agency in order to enter into and carry out the terms, conditions and intent of the parties with respect to this Agreement, except as provided in Paragraph 7.1.ii.

v. Upon the approval of this Agreement by the Authority, the Chief Executive Officer of the Authority, or equivalent representative, or a delegee of such officer, has the authority to approve, deliver, verify, acknowledge and/or accept any communication, notice, notification, verification, and/or other document to be issued by Authority as reasonably necessary to implement, and if consistent with, the terms and conditions of this Agreement, without further approval of the Board of Directors of the Authority. This Section 7.1.v is a statement of existing authority, and does not grant any new or expanded authority.

7.2. District's Representations, Covenants and Warranties

District represents, covenants and warrants to the Authority, as of the date of this Agreement, as follows:

i. The undersigned representatives of District are duly authorized to execute, deliver and perform this Agreement, and upon District's execution and delivery of this Agreement, this Agreement will have been duly authorized by District.

ii. Upon execution and delivery of this Agreement by District, District's obligations under this Agreement shall be legal, valid and binding obligations of District,

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duly enforceable at law and in equity in accordance with the terms and conditions of this Agreement.

iii. There is no lawsuit, legal action, arbitration, legal or administrative proceeding, legislative, quasi-legislative or administrative action or claim existing, pending, threatened or anticipated which would render all or any portion of this Agreement invalid, void or unenforceable in accordance with the terms and conditions thereof.

iv. Other than the execution and delivery of this Agreement by the undersigned representatives of District, and approval by the Governing Board of the District, there are no approvals, consents, confirmations, proceedings, or other actions required by District or any third party, entity or agency in order to enter into and carry out the terms, conditions and intent of the parties (except DGS approval per Paragraph 7.1.iv) with respect to this Agreement, except IIPFA Equipment User approval of IIPFAs.

v. The monies paid by the Authority under this Agreement shall be sufficient to ensure that the emission reduction contemplated by this Agreement shall occur, and District shall utilize such monies in such a manner as to ensure that such emission reductions shall occur.

vi. Upon the approval of this Agreement by the governing board of District, the Air Pollution Control Officer of District, or equivalent representative, or a delegee of such officer, shall have the authority to approve, deliver, verify, acknowledge and/or accept any communication, notice, notification, verification, and/or other document to be issued by District as reasonably necessary to implement, and if consistent with, the terms and conditions of this Agreement, without further approval of the Governing Board of District.

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8. Indemnification

i. The Authority agrees to indemnify, defend and hold harmless District for, from and in connection with any third party claims, losses and/or liabilities arising from or in connection with Authority's performance under this Agreement, excluding only such claims, losses and/or liabilities which result from or are in connection with District's sole negligence, act or omission.

ii. The District agrees to indemnify, defend and hold harmless the Authority, and its officers, agents and employees, for, from and in connection with any third party claims, losses and/or liabilities arising from or in connection with any IIPFA or equipment funded by it or the District's failure to perform its obligations under this Agreement, excluding only such claims, losses and/or liabilities which result from or are in connection with the Authority's sole negligence, act or omission.

9. Inurement

The Authority's rights and obligations under this Agreement, or applicable portions thereof, shall inure to the benefit of and be binding upon any government agency that may succeed to the Authority's responsibilities for the HST System construction work covered by this VERA. Upon any such succession, the rights and obligations of the Authority under this Agreement shall be transferred to the transferee thereof, and the Authority shall thereupon be released by District from all obligations and liabilities so assigned, except for such obligations and liabilities arising prior to such succession.

10. Assignment and Subcontracting

i. Neither Party shall have the right to assign all or any part of its rights and/or obligations under this Agreement without the other Party's written consent, which consent shall not be unreasonably withheld. In the event the other Party does give

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consent to any such assignment, the other Party, the third party assignee and the assigning Party shall enter into an amendment and novation of this Agreement which acknowledges the assignment and conforms the various provisions of this Agreement as may be required to be conformed in order to provide to the assignee the rights and benefits of this Agreement as if such assignee and its project were the original party and project contemplated in this Agreement.

ii. Neither Party may satisfy its obligations under this Agreement via a subcontract. IIPFAs are not subcontracts.

11. Recitals Incorporated

The recitals set forth hereinabove are hereby incorporated into this Agreement and acknowledged, agreed to and adopted by the Parties to this Agreement.

12. Further Assurances

The Authority and District agree to execute and deliver any documents and/or perform any acts which are reasonably necessary in order to carry out the intent of the parties with respect to this Agreement.

13. No Joint Venture or Partnership

District and the Authority agree that nothing contained in this Agreement or in any document executed in connection with this Agreement shall be construed as making District and the Authority joint venturers or partners.

14. Notices

Any notices or communications relating to this Agreement shall be given in writing and shall be deemed sufficiently given and served for all purposes when delivered, if (a) in person, (b) by facsimile or electronic mail (with the original delivered by other means set forth in this paragraph), (c) by generally recognized overnight

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courier or (d) by United States Mail, postage prepaid, to the respective addresses set forth below, or to such other addresses as the Parties may designate from time to time by providing written notice of the change to the other Party.

THE AUTHORITY	**DISTRICT**
Mark Mcloughlin Director of Env. Services 770 L Street, Suite 800 Sacramento, CA 95814 Ph: (916) 403-6934 Fax: (916) 322-0827 E-mail: mark.mcloughlin@hsr.ca.gov And Contract Manager 770 L Street, Suite 800 Sacramento, CA 95814 (916) 403-6934 Fax: (916) 322-0827	Seyed Sadredin Executive Director/APCO 1990 E Gettysburg Avenue Fresno, CA 93726 Ph: (559) 230-6000 Fax: (559) 230-6061 E-mail: seyed.sadredin@valleyair.org

15. Entire Agreement

The terms of this Agreement, together with all attached exhibits, are intended by the parties as the complete and final expression of their agreement with respect to such terms and exhibits and may not be contradicted by evidence of any prior or contemporaneous agreement. This Agreement specifically supersedes any prior written or oral agreements between the parties with respect to the subject matter of this Agreement.

16. Amendments and Waivers

i. No addition to or modification of this Agreement shall be effective unless set forth in writing, signed by the Party against whom the addition or modification is

EXHIBIT A
SCOPE OF WORK

sought to be enforced, and approved by the District's and Authority's respective governing boards if and as required by applicable law and then-extant Executive Officer delegations of authority. The Party benefited by any condition or obligation may waive the same, but such waiver shall not be enforceable by another Party unless made in writing and signed by the waiving Party.

ii. The Parties shall use Operating Memoranda, which shall be signed by both Parties, to formalize agreement as to matters which this Agreement requires or allows use of Operating Memoranda, or as to other matters where implementation detail requires further elaboration but is consistent with this Agreement.

17. Invalidity of Provisions

If any provision of this Agreement as applied to either Party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole. The parties further agree to replace any such invalid, illegal or unenforceable portion with a valid and enforceable provision, which will achieve, to the maximum extent legally possible, the economic, business or other purposes of the invalid, illegal or unenforceable.

18. Construction

Unless otherwise indicated, all paragraph references are to the paragraph of this Agreement and all references to days are to calendar days (unless otherwise specified). Whenever, under the terms of this Agreement the time for performance of a covenant or condition falls upon a Saturday, Sunday or California state holiday, the time for

EXHIBIT A
SCOPE OF WORK

performance shall be extended to the next business day. The headings used in this Agreement are provided for convenience only and this Agreement shall be interpreted without reference to any headings. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neuter genders, or vice versa. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or scanned (.pdf, .jpeg, etc.) images of signatures shall be treated as originals. The language in all parts of this Agreement shall be construed as a whole in accordance with its fair meaning, and shall not be construed against any Party solely by virtue of the fact that such Party or its counsel was primarily responsible for its preparation.

19. Governing Law

The rights and obligations of the parties and the interpretation and performance of this Agreement shall be governed in all respects by the laws of the State of California.

20. No Third-party Beneficiaries

Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the parties to it and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge any obligation of any third person to any Party hereto or give any third person any right of subrogation or action over or against any Party to this Agreement.

21. Attachments

The attachments to this Exhibit A Scope of Work shall be deemed to be a part of this Agreement and are fully incorporated herein by reference. All capitalized terms

EXHIBIT A
SCOPE OF WORK

used in the attachments and not defined therein shall have the meaning as defined herein. The attachments are:

A-1: District Boundaries

A-2: High Speed Rail Segments Map

A-3: Construction Package 1A/1 B Map

A-4: CP 1A/1B Criteria Pollutants Estimate and Cost

A-5: Initial Deposit Invoice

A-6: Criteria Pollutant Offset Receipt

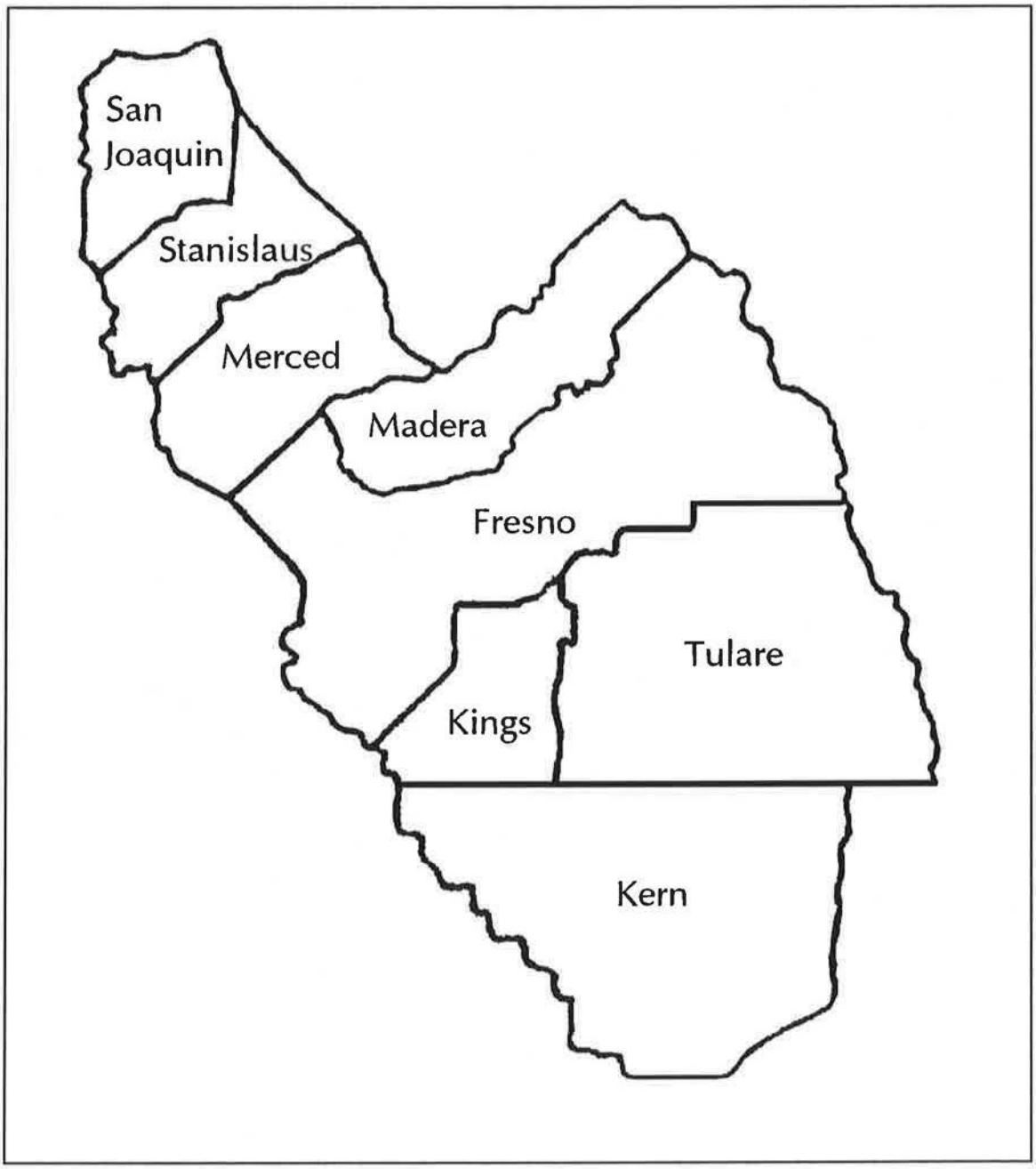
A-7: Construction Reporting Detail Information

A-8: Construction Report Format

22. Force Majeure

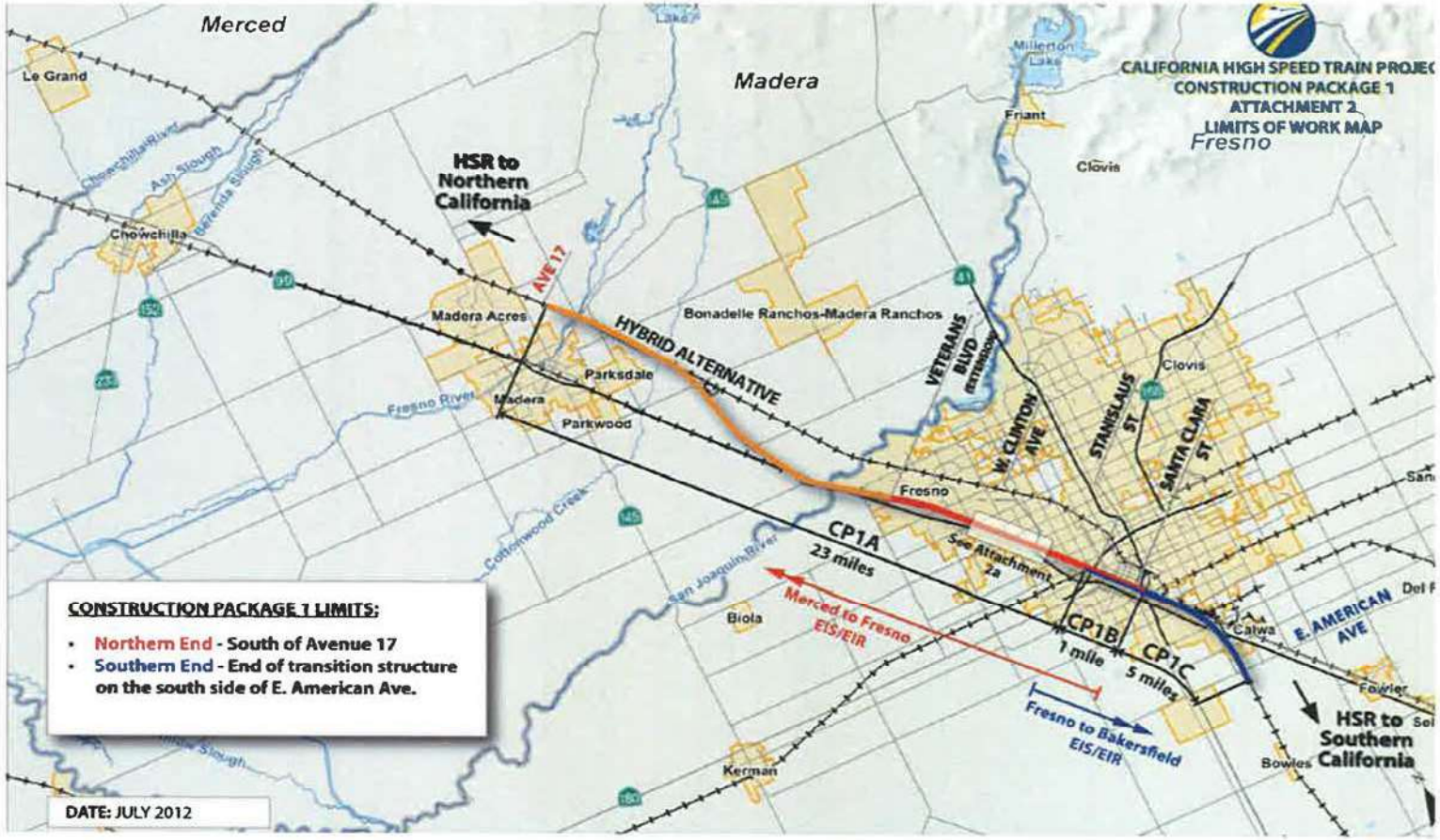
The time within which any Party shall be required to perform under this Agreement shall be extended on a day-per-day basis for each day during which such performance is prevented or delayed by reason of events reasonably outside of the control of the performing Party, including, without limitation, acts of God, events of destruction, acts of war, civil insurrection, strikes, shortages, non-Party governmental delays, non-Party moratoria, civil litigation and the like, and/or delays caused by the other Party's act or omission.

ATTACHMENT A-1
DISTRICT BOUNDARIES



ATTACHMENT A-2
HIGH SPEED RAIL SEGMENTS MAP

ATTACHMENT A-3
CONSTRUCTION PACKAGE 1A/1B MAP



ATTACHMENT A-4

CP 1A/1B OFFSET COST ESTIMATE

Pollutant	ROG/VOC	NOx	PMlO*
Tons to be Reduced - 2014	1.66	24.13	2.89
Tons to be Reduced - 2015	2.67	38.81	5.37
Tons to be Reduced - 2016	1.86	27.63	3.20
Tons to be Reduced -2017	1.85	27.62	3.15
Tons to be Reduced - 2018 to 2022	0.00	0.00	0.00
Total for CP IA/1B	8.04	118.19	14.61
Cost per ton ($/Ton)	$ 9,350.00	$ 9,350.00	$ 9,011.00
Emission Offset Funds	$75,174	$1,105,077	$131,651
4% Administrative Cost (District Overhead)	$3,007	$44,203	$5,266
CPlA/18 Offset Cost Estimate (including District Overhead)	$1,364,377		
Agreement Funding Maximum	$1,705,472		
***PM2.5 is included in PMlO**			

ATTACHMENT A-5

INITIAL DEPOSIT INVOICE

INVOICE
San Joaquin Air Pollution Control District

Bill to Address
California High-Speed Rail Authority
770 L Street. Suite 800 Sacramento, CA
95814

Attn:

Invoice Date:
Invoice No.:

Project No:
Contract No:

For Initial Deposit as required by section 2.3 of the VERA Agreement ____ (District number) and ____ (Authority number)

Construction Emissions Offsets

Total Contract Value	$	-
Current Invoice		
Initial Deposit Amo		
Total Amount Due	$	-
Contract Authorization Remaining	$	-

(Nama/Title or person authorized to sign invoice)

Please Remit Payment to:
(San Joaquin Valley Air Pollution Control District)
(Address or other Bank Information)

ATTACHMENT A-6

CRITERIA POLLUTANT VERA OFFSETS RECEIPT

[On attached two (2) pages]

INVOICE
San Joaquin Valley Air Pollution Control Dlabict

Bill to Address

Callfomla High-Speed **Rall Authority**
770 L Street, Suite 800
Sacramento, CA 95814

Attn:

Invoice Cate:
Invoice No.:

Project No:
Contract No:

For Emisssions Reductions Secured and Certified as Detalled In the Attached, under the Voluntary Emissions Reduction Agreement _____ (District number) and ____ _
(Authority number)

Total Contract Authorization Amount	$
Previous Invoices Total	$
Current Invoice (Including 4% administrative coat)	_$_- - - --
Total all Invoice	$
Total Contract Authorization Remaining	$ -

_____
(Namemue of person authorized to sign Invoice)

Please Remit payment to:
San Joaquin Valley Air Pollution Control Dletrlct
(Addreas or other Bank Information)

San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

HEALTHY AIR LIVING

CRITERIA POLLUTANT VERA OFFSET RECEIPT

THIS RECEIPT IS PRESENTED TO CALIFORNIA HIGH•SPEED RAIL AUTHORITY CERTIFYING THE EMISSION REDUCTIONS LISTED BELOW HAVE BEEN SECURED THROUGH THIS AGREEMENT.

CALIFORNIA
High-Speed Rail Authority

HSR14-

AGREEMENT NUMBER	TOTAL PROJECT COST (INCLUDING ADMINISTRATIVE COST)	REPLACED EQUIPMENT TYPE	NEW EQUIPMENT TYPE	COST EFFECTIVENESS ($/TONS)
C-21000	$20,800.00	AGRICULTURAL TRACTOR	AGRICULTURAL TRACTOR	$3,291.51

YEAR	NOx REDUCTIONS (TONS)	PM_{10} REDUCTIONS (TONS)*	VOC REDUCTIONS (TONS)	TOTAL REDUCTIONS (TONS)
2014	2.65	0.15	0.43	3.23
2015	2.65	0.15	0.43	3.23
2016	2.65	0.15	0.43	3.23
2017	2.65	0.15	0.43	3.23
2018	2.65	0.15	0.43	3.23
2019	2.65	0.15	0.43	3.23
2020	2.65	0.15	0.43	3.23
2021	2.65	0.15	0.43	3.23
2022	2.65	0.15	0.43	3.23
2023	2.65	0.15	0.43	3.23
TOTAL	*26.5*	*1.50*	*4.30*	*32.3*

• *PM 2.5 IS INCLUDED IN PM10

ATTACHMENT A-7

CONSTRUCTION REPORTING INFORMATION

Contractor's Daily Record (From Authority's Environmental Mitigation Management and Assessment (EMMA) system)

- Equipment (On- or Off-road)
- Serial Number
- Make, Model, Model Year
- Rated Horsepower
- Load Factor
- Fuel Type
- Hours Operated
- Construction Activity

ATTACHMENT A-8
CONSTRUCTION REPORT FORMAT

On-site Sources (off-road equipment)

Step 1:

High Speed Rail Authority (HSRA) is to collect the following information associated with actual construction by construction activities: On-site off-road equipment, engine horsepower, engine model year, and total hours of operation by equipment type.

Step 2:

Upon completing step 1, HSRA is to quantify the actual construction emissions and prepare a Construction Report with the following content:

- Project Description and Location. Identify the following:
  - VERA Number 20140105/ Indirect Source Review (ISR) project number 20130103
  - Project/Segment Name (i.e - High Speed Rail project - Merced to Fresno; Fresno to Madera)
  - 3-month Reporting Period Evaluated
  - Date of Report
  - Construction Package Number (e.g.: CP1A)
- On-site Actual Construction Criteria Pollutants Emissions (NOx, VOC, PM10, PM2.5) in pounds
  - By equipment type
  - By model year
  - By horsepower
- Description of methodology used for the construction analysis (e.g.: CalEEMod, hand calculation with emission factors, etc.)

Off-site Sources (i.e. vehicles)

Step 1:

The Authority is to collect the following information associated with actual construction by construction activities: vehicle types (i.e - light auto, heavy duty trucks, etc, All construction vehicle trips, and associated total vehicle miles traveled by vehicle type.) by trip activity (i.e.: hauling, employee trips, etc.)

Step 2:

Upon completing step 1, HSRA is to quantify the actual construction emissions and include in the Construction Report with the following content:

- Project Description and Location. Identify the following:
  - VERA number 20140105
  - Project/Segment Name (i.e - High Speed Rail project - Merced to Fresno; Fresno to Madera)
  - 3-month Reporting Period Evaluated
  - Date of Report
  - Construction Package Number (e.g.: CP1 A)
- Off-site Actual Construction Criteria Pollutants Emissions (i.e.: NOx, VOC, PM10, PM2.S) in pounds by type of trips:
  - Employee trips: VMT by vehicle model year
  - Hauling trips: VMT by vehicle model year
  - Delivery trips: VMT by vehicle model year
- Description of methodology used for the construction analysis (e.g.: CalEEMod, hand calculation with emission factors, etc.)

EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS

A. FUNDING REQUIREMENTS/BUDGET CONTINGENCY CLAUSES

1. It is mutually agreed that if the Legislature's Budget Act, Congressional Budget Act, of the current year (if amended or repealed) and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for commencing pursuit of work under this contract, this Agreement may be terminated in accordance with Section SA.ii. of Exhibit A of this Agreement.

2. In addition, this Agreement is subject to any additional restrictions, limitations, conditions or any statute enacted by Congress or State Legislature that may affect the provisions, terms or funding of this Agreement in any manner.

3. If funding for any fiscal year is reduced or deleted by the Legislature's Budget Act or a Congressional Budget Act for purposes of this Agreement, the Authority shall have the option to terminate the Agreement in accordance with Section SA.ii. of this Agreement, or to otherwise offer an Agreement Amendment to the Contractor in accordance with Section 16 of the Agreement to reflect the reduced amount.

B. INVOICING

1. Criteria Pollutant VERA Offsets Receipts shall include the Authority's Agreement number listed on the front page of this Agreement and shall be processed in accordance with Exhibit A, except that the Contractor shall send two copies of each such Receipt (in addition to what is required in Exhibit A) to:

California High-Speed Rail Authority
Attention: Financial Operations Section
770 L Street, Suite 800
Sacramento, CA 95814

EXHIBIT C
GENERAL TERMS AND CONDITIONS

EXHIBITC

GENERAL TERMS AND CONDITIONS

1. APPROVAL: This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.

2. AMENDMENT: No amendment or variation of the terms of this 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 Agreement is binding on any of the parties.

3. ASSIGNMENT: This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.

4. AUDIT: Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract and/or IIPFA related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).

5. INDEMNIFICATION: See Section 8 of Exhibit A.

6. DISPUTES: Contractor shall continue with the responsibilities under this Agreement during any dispute.

7. TERMINATION FOR CAUSE: The Authority may terminate this Agreement in accordance with Section 5A.ii.

8. INDEPENDENT CONTRACTOR: Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.

9. RECYCLING CERTIFICATION: Not applicable because this Agreement does not involve the sale of products, materials, goods or supplies to the Authority.

10. NON-DISCRIMINATION CLAUSE: During the performance of this Agreement, Contractor and its subcontractors and/or IIPFA Equipment Users shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS),

EXHIBIT C
GENERAL TERMS AND CONDITIONS

mental disability, medical condition (e.g., cancer), age (over *40),* marital status, denial of family care leave and denial of pregnancy disability leave. Contractor and subcontractors and/or IIPFA Equipment Users shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 *et* seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors and/or IIPFA Equipment Users shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts and/or IIPFAs.

11. CERTIFICATION CLAUSES: The CONTRACTOR CERTIFICATION CLAUSES contained in the document CCC 307 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

12. TIMELINESS: Time is of the essence in this Agreement.

13. COMPENSATION: The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.

14. GOVERNING LAW: This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

15. ANTITRUST CLAIMS: The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.

a. The Government Code Chapter on Antitrust claims contains the following definitions:

1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.

b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the

EXHIBIT C
GENERAL TERMS AND CONDITIONS

Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.

c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.

d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

16. CHILD SUPPORT COMPLIANCE ACT: For any Agreement in excess of $100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:

a. The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement. including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

b. The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

17. UNENFORCEABLE PROVISION: In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

18. PRIORITY HIRING CONSIDERATIONS: If this Contract includes services in excess of $200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the Contract to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.

19. SMALL BUSINESS PARTICIPATION AND DVBE PARTICIPATION REPORTING REQUIREMENTS:

EXHIBIT C
GENERAL TERMS AND CONDITIONS

a. If for this Contract Contractor made a commitment to achieve small business participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) report to the awarding department the actual percentage of small business participation that was achieved. (Govt. Code § 14841.)

b. If for this Contract Contractor made a commitment to achieve disabled veteran business enterprise (DVBE) participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) certify in a report to the awarding department: (1) the total amount the prime Contractor received under the Contract; (2) the name and address of the DVBE(s) that participated in the performance of the Contract; (3) the amount each DVBE received from the prime Contractor; (4) that all payments under the Contract have been made to the DVBE; and (5) the actual percentage of DVBE participation that was achieved. A person or entity that knowingly provides false information shall be subject to a civil penalty for each violation. (Mil. & Vets. Code§ 999.5(d); Govt. Code§ 14841.)

20. LOSS LEADER:
If this contract involves the furnishing of equipment, materials, or supplies then the following statement is incorporated: It is unlawful for any person engaged in business within this state to sell or use any article or product as a "loss leader" as defined in Section 17030 of the Business and Professions Code. (PCC 10344(e).)

EXHIBIT D
SPECIAL TERMS AND CONDITIONS

1. AMENDMENT (CHANGE IN TERMS)

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

The DISTRICT shall only commence work covered by an amendment after the amendment is executed and notification to proceed has been provided in writing by the AUTHORITY's Contract Manager.

2. DISPUTES

The Parties shall continue with their respective responsibilities under this Agreement during any work dispute.

3. DISTRICT'S DELIVERABLES UNDER EARLY TERMINATION

Upon termination, the DISTRICT shall provide all project-related documents and correspondence required as part of the Scope of Work (Exhibit A). Project-related documents shall include all documents that are in complete and final form and which have been accepted as complete by the AUTHORITY, or documents in draft and/or incomplete form for those deliverables, which are in progress by the DISTRICT and have not been accepted as complete.

4. RETENTION OF RECORD/AUDITS

For the purpose of determining compliance with Public Contract Code Section 10115, et seq. and Title 21, California Code of Regulations, Chapter 21, Section 2500 et seq., when applicable, and other matters connected with the performance of the Agreement pursuant to Government Code Section 8546.7, the DISTRICT, IIPFA Equipment Users, and the AUTHORITY shall maintain all books, documents, papers, accounting records, and other evidence pertaining to the performance of the Agreement, including but not limited to, the costs of administering the Agreement. All parties shall make such materials available at their respective offices at all reasonable times during the Agreement period and for three (3) years from the date of expenditure under this Agreement. The AUTHORITY, the State Auditor, or any duly authorized representative having jurisdiction under any laws or regulations shall have access to any books, records, and documents of the DISTRICT that are pertinent to the Agreement for audits, examinations, excerpts, and transactions, and copies thereof shall be furnished if requested.

Any IIPFA in excess of $25,000.00, entered into as a result of this Agreement, shall contain all the provisions of this clause.

EXHIBIT D
SPECIAL TERMS AND CONDITIONS

5. AUDIT REVIEW PROCEDURES

Any dispute concerning a question of fact arising under an interim or post audit of this Agreement that is not disposed of by agreement shall be reviewed by the Contract Manager.

Not later than 30 days after issuance of an interim or final audit report, the DISTRICT may request a review by the Contract Manager of unresolved audit issues. The request for review will be submitted in writing to the Authority's Chief Executive Officer (CEO). The request must contain detailed information of the factors involved in the dispute as well as justifications for reversal. A meeting by the CEO will be scheduled if the Contract Manager concurs that further review is warranted. After the meeting, the Contract Manager will make recommendations to the CEO who will make the final decision for the AUTHORITY. The final decision will be made within three (3) months of receipt of the notification of dispute.

Neither the pendency of a dispute nor its consideration by AUTHORITY will excuse the DISTRICT from full and timely performance, in accordance with the terms of this clause.

6. IIPFAs

Nothing contained in this Agreement or otherwise, shall create any obligation of the Authority or State flowing or owing to any IIPFA Equipment User

7. CONFIDENTIALITY OF DATA

The parties acknowledge that this Agreement is subject to the California Public Records Act (Govt. Code Section 6250 et seq.), California Government Code Section 11019.9; and California Civil Code Section 1798 et seq. However, all financial, statistical, personal, technical, or other data and information relative to the AUTHORITY's operations, which is designated confidential by the AUTHORITY and made available to the DISTRICT in order to carry out this Agreement, shall be protected by the DISTRICT from unauthorized use and disclosure.

8. STATEMENT OF COMPLIANCE

The DISTRICT's signature affixed herein and dated shall constitute a certification under penalty of perjury under the laws of the State of California that the DISTRICT has, unless exempt, complied with the nondiscrimination program requirements of Government Code Section 12990 and Title 2, California Code of Regulations, Section 8103.

9. CONFLICT OF INTEREST

The DISTRICT hereby certifies that it does not now have nor shall it acquire any financial or business interest that would conflict with the rP.rform,mr.P. of services under this Agreement.

10. REBATES, KICKBACKS OR OTHER UNLAWFUL CONSIDERATION

The DISTRICT warrants that this Agreement was not obtained or secured through rebates, kickbacks or other unlawful consideration either promised or paid to any AUTHORITY

EXHIBIT D
SPECIAL TERMS AND CONDITIONS

agency employee. For breach or violation of this warranty, the AUTHORITY shall have the right, in its discretion, to terminate this Agreement without liability, to pay only for the value of the work actually performed, or to deduct from this Agreement price or otherwise recover the full amount of such rebate, kickback or other unlawful consideration.

11. PROHIBITION OF EXPENDING STATE FUNDS FOR LOBBYING

The DISTRICT certifies, to the best of his or her knowledge and belief, that:

- No State appropriated funds have been paid or will be paid, by or on behalf of the DISTRICT, to any person for influencing or attempting to influence an officer or employee of any State agency, a Member of the State Legislature or United States Congress, an officer or employee of the Legislature or Congress, or any employee of a Member of the Legislature or Congress in connection with the awarding of any State agreement, the making of any State grant, the making of any State, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any State agreement, grant, loan, or cooperative agreement.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000.00 and not more than $100,000.00 for each such failure.

EXHIBIT E
CONDITIONS FOR CONTRACTS RECEIVING FEDERAL FUNDING
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

A. FEDERAL REQUIREMENTS

The Contractor understands that the Authority has received Federal funding from FRA that will be used to fund this Agreement. Accordingly, Contractor acknowledges that applicable federal laws, regulations, policies and related administrative practices, including as they may change over the life of this VERA, will govern the administration of that funding, which could affect this VERA and its requirements, whether or not they are specifically referenced herein. The Contractor shall ensure its IIPFAs include specific notice that Federal law requirements, regulations and policies may change and could affect reporting and other requirements of the IIPFA but would not affect funding in any IIPFA.

The Contractor shall not perform any act, fail to perform any act, or refuse to comply with any reasonable Authority requests, which would cause the Authority to be in violation of FRA requirements.

B. ACCESS REQUIREMENTS FOR INDIVIDUALS WITH DISABILITIES

The Contractor agrees to comply with all applicable requirements regarding Access for Individuals with Disabilities contained in the Americans with Disabilities Act of 1990 (ADA), as amended, 42 U.S.C. §§ 12101 et seq.; and Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 794 ("Nondiscrimination under Federal grants and programs"). Contractor shall ensure IIPFAs include requirements to so comply.

C. ENVIRONMENTAL REQUIREMENTS

The Contractor and IIPFA Equipment Users shall comply with all applicable environmental requirements and regulations, as follows:

The Contractor will conduct work under this Agreement in compliance with the following laws, as modified from time to time, all of which are incorporated herein by reference:

1. Section 114 of the Clean Air Act, 42 U.S.C. 7414, and section 308 of the Federal Water Pollution Control Act, 33 U.S.C. 1318, and all regulations issued thereunder.

2. The Contractor certifies that no facilities that will be used to perform work under this Agreement are listed on the List of Violating Facilities maintained by the U.S. Environmental Protection Agency ("EPA"). The Contractor will notify the Authority as soon as it or any IIPFA Equipment User receives any communication from the EPA indicating that any facility which will be used to perform work pursuant to this Agreement is under consideration to be listed on the EPA's List of Violating Facilities; provided, however, that the Contractor's duty of notification hereunder shall extend only to those communications of which it is aware.

D. ENERGY CONSERVATION

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The Contractor agrees to comply with mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6421 et seq.).

E. FRAUD AND FALSE OR FRAUDULENT STATEMENTS, AND RELATED ACTS

1. The Contractor acknowledges that the provisions of the Program Fraud Civil Remedies Act of 1986 (6 C.F.R. 13), as amended, 31 U.S.C. § 3801 et seq., and USDOT regulations Program Fraud Civil Remedies (49 C.F.R. Part 31), apply to its actions under this Agreement. Upon execution of this Agreement, the Contractor certifies or affirms the truthfulness and accuracy of any statement it has made, it makes, it may make, or causes to be made, pertaining to the Agreement and or the FRA assisted project for which this Agreement is being made. In addition to other penalties that may be applicable, the Contractor further acknowledges that if it makes or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification, the Federal Government reserves the right to impose the penalties of the Program Fraud Civil Remedies Act of 1986 as cited above on the Contractor to the extent the Federal Government deems appropriate.

2. The Contractor also acknowledges that if it makes, or causes to be made, a false, fictitious, or fraudulent claim, statement, submission, or certification to the Federal Government under a contract connected with a project that is financed in whole or in part with Federal assistance originally awarded by FRA, the Government reserves the right to impose the penalties of 18 U.S.C. § 1001 and 49 U.S.C. § 5307 (n)(1) on the Contractor, to the extent the Federal Government deems appropriate.

3. The Contractor agrees to include the above two paragraphs in each IIPFA. It is further agreed that the paragraphs shall not be modified, except to identify the IIPFA Equipment User who will be subject to the provisions.

F. NO OBLIGATION BY THE FEDERAL GOVERNMENT

1. The Authority and the Contractor acknowledge and agree that, notwithstanding any concurrence by the federal government in or approval of this Agreement, absent the express written consent by the federal government, the federal government is not a party to this Agreement and shall not be subject to any obligations or liabilities to the Contractor or any IIPFA Equipment User.

2. The Contractor agrees to include the above paragraph in each IIPFA financed in whole or in part with federal assistance provided by FRA. It is further agreed that the paragraph shall not be modified, except to identify the IIPFA Equipment User who will be subject to its provisions.

G. DEBARMENT AND SUSPENSION

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1. This Contract is a covered transaction for purposes of 2 C.F.R. 1200. As such, the Contractor is required to comply with applicable provisions of Executive Orders Nos. 12549 and 12689, "Debarment and Suspension," 31 U.S.C. § 6101 note, and U.S. DOT regulations, "Non-procurement Suspension and Debarment," 2 C.F.R. Part 1200, which adopt and supplement the provisions of U.S. Office of Management and Budget (U.S. 0MB) "Guidelines to Agencies on Government-wide Debarment and Suspension (Non-procurement)," 2 C.F.R. Part 180.

2. To the extent required by the aforementioned U.S. DOT regulations and U.S. 0MB guidance, the Contractor must verify that each IIPFA Equipment User is not excluded or disqualified in accordance with said regulations by going to https://www.sam.gov/portal/public/SAM/ and using the Search Records function to search by party name to see if that party is Excluded. .

H. CIVIL RIGHTS

The following requirements apply to the Contract:

1. NONDISCRIMINATION

In accordance with Title VI of the Civil Rights Act, as amended; 42 U.S.C. § 2000d, Section 303 of the Age Discrimination Act of 1975, as amended; 42 U.S.C. § 6102, Section 202 of the Americans with Disabilities Act of 1990; 42 U.S.C. § 12132; and 49 U.S.C. § 306, the Contractor agrees that it will not discriminate against any individual because of race, color, religion, national origin, sex, age or disability in any activities leading up to or in performance of the Contract. In addition, the Contractor agrees to comply with applicable federal implementing regulations and other implementing requirements that FRA may issue.

2. EQUAL EMPLOYMENT OPPORTUNITY

The following equal employment opportunity requirements apply to the Contract:

3. RACE, COLOR, RELIGION, NATIONAL ORIGIN, SEX

In accordance with Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e, the Contractor agrees to comply with all applicable equal opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," including 41 C.F.R 60 et seq. (which implements Executive Order No. 11246, "Equal Employment Opportunity," as amended by Executive Order No. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," 42 U.S.C. § 2000e note), and with any applicable federal statutes, executive orders, regulations, and federal policies that may in the future affect activities undertaken to implement this Agreement. The Contractor agrees to take affirmative action to ensure that applicants are employed, and that employees are

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treated during employment, without regard to their race, color, religion, national origin, sex, or age. Such action shall include the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In addition, the Contractor agrees to comply with any implementing requirements FRA may issue.

AGE

In accordance with Section 4 of the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 623, the Contractor agrees to refrain from discrimination against present and prospective employees for reason of age. In addition, the Contractor agrees to comply with any implementing requirements FRA may issue.

DISABILITIES

In accordance with Section 102 of the Americans with Disabilities Act, as amended, 42 U.S.C. § 12112, the Contractor agrees that it will comply with the requirements of U.S. Equal Employment Opportunity Commission, "Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act," 29 C.F.R Part 1630, pertaining to employment of persons with disabilities. In addition, the Contractor agrees to comply with any implementing requirements FRA may issue.

The Contractor also agrees not to discriminate on the basis of drug abuse, in accordance with the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, alcohol abuse, in accordance with the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, and to comply with Sections 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§ 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records. In addition, the Contractor agrees to comply with applicable federal implementing regulations and other implementing requirements that FRA may issue.

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I. ACCESS TO AND INSPECTION OF RECORDS

1. The Contractor agrees to provide the Authority, the Secretary of the U.S. Department of Transportation, the FRA Administrator, the Comptroller General of the United States, the appropriate Inspector General appointed under Section 3 or 8G of the United States Inspector General Act of 1978, or any of their authorized representatives access to any books, documents, papers, and records of the Contractor which are directly pertinent to this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions.

2. The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed, and to permit interview by any of the foregoing parties of any officer or employee of Contractor.

3. The Contractor agrees to maintain all books, records, accounts, and reports required under this Agreement for a period of not less than seven years after the date of termination or expiration of this Agreement, except in the event of litigation or settlement of claims arising from the performance of this Agreement, in which case the Contractor agrees to maintain same until the Authority, the FRA Administrator, the Comptroller General, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims or exceptions related thereto. Reference 49 C.F.R. § 18.39{i)(11); see also ARRA Sections 902, 1514 and 1515.

J. DISADVANTAGED BUSINESS ENTERPRISES

1. The Authority encourages the Contractor to utilize small business concerns owned and controlled by socially and economically disadvantaged individuals (as .that term is defined for certain USDOT agencies in Title VI) in carrying out this Agreement.

2. The Contractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this Contract. The Contractor shall carry out applicable requirements of Title VI in the administration of this Agreement. Failure by the Contractor to carry out these requirements is a material breach of this Agreement, which may result in the termination of this Agreement or such other remedy as the Authority deems appropriate.

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K. ARRA-Funded Project

Funding for this Agreement has been provided through the American Recovery and Reinvestment Act (ARRA) of 2009, Pub. L. 111-5. Contractor and IIPFA Equipment Users are subject to audit by appropriate federal or State entities.

L. Recovery of Misspent Funds

The Contractor agrees that if the Contractor or any IIPFA Equipment User uses any funds provided through this Agreement for purposes other than as required by this Agreement, the Authority may recover misspent funds following an audit. This provision is in addition to all other remedies available to the Authority under all applicable state and federal laws.

M. Prohibition on Use of ARRA Funds

The Contractor agrees in accordance with ARRA, Provision 1604, that none of the funds made available under this contract may be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pools.

N. Whistleblower Protection

The Contractor agrees that it shall comply with Section 1553 of the ARRA, which prohibits all non-federal contractors, including the State, and all contractors of the State, from discharging, demoting or otherwise discriminating against an employee for disclosures by the employee that the employee reasonably believes are evidence of any of the following:

1. Gross mismanagement of a contract relating to ARRA funds
2. A gross waste of ARRA funds
3. A substantial and specific danger to public health or safety related to the implementation or use of ARRA funds
4. An abuse of authority related to implementation or use of ARRA funds
5. A violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) awarded or issued relating to ARRA funds

The Contractor agrees that it shall post notice of the rights and remedies available to employees under Section 1553 of Title XV of Division A of the ARRA.

0. False Claims Act

The Contractor agrees that it shall promptly notify the Authority and shall refer to an appropriate federal inspector general any credible evidence that a principal, employee,

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agent, IIPFA Equipment User or other person has committed a false claim under the False Claims Act (31 U.S.C. §3729 et seq.) or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving ARRA funds.

P. Reporting Requirements

Pursuant to Section 1512(c) and other sections of the ARRA, the Authority must submit periodic reports to FRA about how ARRA funds are being spent, where, by whom, on what, etc. The Authority reasonably believes that the information required from the District set forth in Exhibit A, such as the information IIPFAs and the District's quarterly Status Reports must contain, will enable the Authority to meets its ARRA reporting requirements to FRA.

However, the District agrees to provide any additional information related to this Agreement and its implementation that the Authority needs to satisfy its reporting obligations to FRA under ARRA. The Authority agrees to compensate the District, if the District so requests, for any material additional time the District must spend (beyond the activities the District is required to perform under this Agreement absent the need to collect and report such additional information) to provide such additional information, at the District's staff-time rates the District then is charging similarly-situated third parties for its services {the District must document those rates and the additional time spent).