

TEHAMA COUNTY AIR POLLUTION CONTROL DISTRICT

FARMER EQUIPMENT INCENTIVE PROGRAM

AGREEMENT

This Agreement (Agreement) is between the Tehama County Air Pollution Control District (District), a public agency of the State of California, and APSE, LLC, (Participant) the original applicant to the FARMER Program:

WHEREAS, Pursuant to California Health and Safety Code section 44275 et seq., the District may undertake programs that include, but are not limited to, financial assistance or other incentives to fleet operators and individuals for the purchase, conversion, or operation of low-emission motor vehicles and for the purchase and/or retrofit of heavy-duty engines; and

WHEREAS, on December 10, 2019 the Tehama County Air Pollution Control District Board of Directors approved Resolution 2019-129 authorizing the FARMER Program; and

WHEREAS, the FARMER Program provides incentives to fleet operators and individuals for the purchase and/or retrofit of heavy-duty engines, equipment operating at low-emission levels and zero emission UTV's; and

WHEREAS, Participant represents that the purchase described herein is NOT required by any local, state, and/or federal rule or regulation. For public agencies, controlling board policy does NOT require the purchase; and

WHEREAS, the California Air Resources Board (CARB), as an intended third party beneficiary, shall have the right to audit and enforce the terms of the Agreement at any time during the Agreement term to ensure emissions reductions are obtained;

NOW THEREFORE, the parties agree as follows:

1. Participant agrees to accept in full satisfaction thereof, an amount up to \$41,554.00 for the purchase of a new Kubota M7060HDC12 tractor, equipped with a 71-horsepower diesel-fired engine, subject to the terms of this Agreement.
2. This Agreement shall begin upon the execution of the Agreement by both parties and terminates four (4) years from the date that the engine(s) or parts have been installed as confirmed by the District's post-inspection conducted in accordance with the FARMER Program and Carl Moyer Air Quality Standards Attainment Program guidelines, rules, regulations, policies and procedures. The foregoing term of the Agreement shall be divided into two timelines. The "project completion" timeline shall begin upon the execution of the Agreement and shall terminate on the date that the engine(s) or parts have been installed as confirmed by the District's post-inspection. This timeline shall be completed no later than 180 days after execution of the Agreement unless extended by the Air Pollution Control Officer. The "project

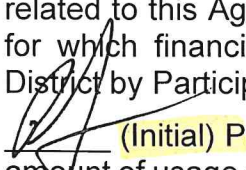
implementation” timeline shall begin upon the date that the engine(s) or parts have been installed as confirmed by the District’s post-inspection and shall terminate upon termination of this Agreement as set forth above.

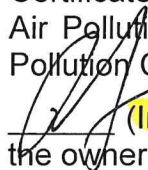
3. All payments shall be made directly to the Participant. Payments shall be made only when Participant has previously paid for the purchase and the payment to Participant is a reimbursement. Participant also agrees that any work done prior to execution is at the Participants own cost and will not be reimbursed under this Agreement. Additionally, before any payment is made hereunder, an eligible invoice must be received by the District, and the District’s post-inspection must be successfully completed to document the completion of the work specified in the invoice. The equipment/engines(s) must be operational before the payment is issued. Participant must submit an itemized invoice from the engine supplier (for repowers or retrofits) or paid invoices from the equipment owner (for new equipment) to receive final payment.
4. The Participant must submit copies of invoices that confirm installation of a digital odometer/hour meter. Each invoice must include an identification number, new engine and equipment serial numbers, odometer reading, and date service was provided. The Participant must also provide copies of any financing documents for the equipment described in Exhibit A.
5. The low-emission technology of the engine(s) shall be certified for sale or under experimental permit for operation in California and show at least a 30% reduction of NOx emissions compared to the applicable standard for that engine year and application in one of three ways:
  - California Air Resource Board (CARB) certification testing.
  - U.S. Environmental Protection Agency certification testing.
  - Emission testing at a laboratory approved by the U.S. Environmental Protection Agency, CARB, and or the District. The testing must be performed in a manner acceptable to the Air Pollution Control Officer.
6. Participant agrees that engine(s)/equipment covered under this Agreement meet all the eligibility requirements and shall be operated in a manner consistent with those eligibility requirements as described in the FARMER Program guidelines, rules, regulations, policies and procedures.
7. Participant shall cooperate with the District and CARB in implementation, monitoring, enforcement, and other efforts to assure the emission benefits from the project are real, quantifiable, surplus, and enforceable.
8.  (Initial) The Participant agrees to the following motor vehicle title and or lien requirements:
  - If the vehicle type is issued a title by the Department of Motor Vehicles (DMV), the Participant will provide a copy of the replacement vehicle’s title to the District. If the vehicle is not financed, the District shall be named as a lien holder for the vehicle. If the vehicle type is not issued

a title by the DMV, a Uniform Commercial Code (UCC) filing will be required.

- The Participant must be the legal owner of the replacement vehicle described in Exhibit A through the length of this Agreement.
  - If the replacement vehicle is financed, and the loan is repaid before the termination of this Agreement, the Participant must add the District as lien holder and ensure that the District remains a lien holder on the replacement vehicle through the remainder of the Agreement's project implementation timeline.
  - If the replacement vehicle is repossessed by the finance company, the Participant must reimburse the District in accordance with the reimbursement formula described in Exhibit A.
  - If the equipment described in Exhibit A is repossessed by another lienholder, or otherwise levied upon, attached, seized, or removed from the Participant's possession through legal process, the Participant must reimburse the District in accordance with the Section 18 of this Agreement.
9. If either of the events listed in this paragraph occur, the Participant must notify the District within 30 days of the date Participant knows, or reasonably suspects, that the event has occurred or is likely to occur:
- The Participant suffers a catastrophic financial loss that impairs the Participant's ability to perform the conditions of this Agreement; or
  - The Participant files for bankruptcy; or
  - Any other event has occurred or is likely to occur that could impair the Participant's ability to perform the conditions of this Agreement.
10. Participant shall complete and return all requested information and surveys sent from the Tehama County Air Pollution Control District, yearly, for at least four (4) years from the commencement of operation. Noncompliance with the reporting requirements shall require on-site monitoring or inspection by the District. Participant shall also maintain records related to this project and retain those records for at least three years after expiration of the term of this Agreement or three years after final payment hereunder, whichever is later. The District, CARB, or their designee may conduct a fiscal audit of the project and/or otherwise examine Participant's records at any time.
11. The Participant shall keep the following records from the beginning of operation of the equipment described in Exhibit A:
- Hours and location (s) of operation and Type of maintenance performed.**
12. Participant shall maintain the equipment/engine(s) according to the manufacturer's specifications for the life of the project, and shall not tamper with the equipment/engine(s) in any manner. Participant agrees to maintain a working engine hours meter and/or an approved usage-measuring device on all engines for the duration of the contract and allow the District access

to the meter. If the hour meter fails, Participant shall immediately notify the District, and remains responsible for validating any hours not recorded by the hour meter. Participant must either repair or replace the non-operating meter or provide other documentation of equipment operating hours acceptable to the District.

13. Participant agrees that the District, CARB, or their designee will have access to project site to perform necessary monitoring and enforcement during the term of this Agreement.
14. The District and CARB shall have the authority to fine Participant and/or seek any other remedies available under the law for noncompliance with FARMER Program requirements or failure to fully perform under this Agreement.
15. Participant agrees that the replacement equipment/engine(s), authorized under this agreement by the Tehama County Air Pollution Control District FARMER Program, will be operated and maintained at least 75% of the time within the boundaries of the State of California throughout the life of the contract.
16. Participant agrees that the original equipment/engine(s) to be replaced by this program is the same as the equipment/engine(s) stated in Participant's application and restated in "Exhibit A" hereto. Said equipment/engine(s) will be destroyed immediately or otherwise rendered unusable immediately after new equipment/engine installation. The equipment/engine must be destroyed at a District approved dismantler and proof of destruction or usability shall be submitted to the District within 30 days of new equipment/engine installation.
17. Participant shall defend, indemnify, and hold harmless the District, its officers, agents, employees, and volunteers from any and all losses, costs, damages, fines, or expenses (including attorney fees, court costs, and expert fees) or liability of any kind or character to any person or property arising from, or alleged to arise from, any act or omission of Participant related to this Agreement, or which are related in any way to the engine(s) for which financial assistance or other incentives are received from the District by Participant.
18.  (Initial) Participant agrees that each engine will operate a minimum amount of usage as shown in Exhibit "A"- Performance Requirements during the term of this Agreement. Upon termination of this Agreement, if the engine fails to fulfill the minimum required operation, Participant shall return to the Tehama County Air Pollution Control District an amount based on the difference between the required operation amount and the actual amount operated, times the payback factor shown in Exhibit "A". The District reserves the right, in its sole discretion, to extend the duration of the contract if the engine fails to fulfill the minimum required operation.

19. Participant acknowledges that receipt of this incentive prohibits application for any form of emission reduction credits for this project including: Emission Reduction Credit (ERC), Mobile Emission Reduction Credit (MERC) and/or Certificate of Advanced Placement (CAP), for all time, from Tehama County Air Pollution Control District or any other Air Quality Management or Air Pollution Control District.
20.  (Initial) Participant agrees, by signing this contract for this project, the owner (or designee) shall not submit another application or sign another contract for the same specific equipment/engine(s) with any other source of FARMER or Carl Moyer funds, including but not limited to, other Districts or the Air Resources Board for a multi-District solicitation. Participant further certifies that Participant has not received any other incentive funding for the equipment/engine(s) covered under this Agreement. Any owner or owner's designee who is found to have submitted multiple applications or signed multiple contracts for the same equipment/engine(s) shall, at a minimum, be disqualified from funding for that equipment/engine(s) from all sources and may also be banned from submitting future applications to any and all FARMER or Carl Moyer Program solicitations. In addition, the District or CARB may levy fines and/or pursue other civil or criminal remedies for such conduct.
21. Participant agrees that if funds are not available from CARB, or the Tehama County Air Pollution Control District Board of Directors otherwise declines to appropriate funding for this Agreement, the District shall have the right to cancel this Agreement immediately without cost or penalty to the District or CARB.
22. Participant agrees that the District shall have the right to cancel this contract or withhold payment for non-compliance if the Participant does not meet the obligations of the contract.
23. Participant agrees to be responsible for all applicable taxes on all equipment/engine(s) purchased.
24. Participant hereby asserts that the purchase of low NOx emission engine(s) is a completely voluntary act; and the District has made no representations or guarantees to the Participant regarding the quality, condition, or proposed use of the low NOx emission engine purchased by Participant.
25. This Agreement and any payments to Participant for compensation and expenses are subject to the provisions and limitations imposed by the California Health and Safety Code. District shall have no liability for payment of any compensation and expenses that are found to be in contravention to the California Health and Safety Code. Participant shall reimburse District for any compensation and expenses paid by District to Participant and later determined to be in contravention to the Health and Safety Code.

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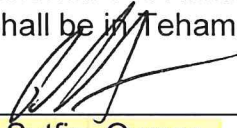
26. The representative of Participant signing this Agreement on behalf of Participant (authorized signature) affirmatively states that he or she has legal authority to bind Participant to the terms of this Agreement.
27. Correspondence between the District and Participant should be addressed to the following:

| To District                                                                                                                           | To Participant                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Tehama County Air Pollution Control District<br>Attn: FARMER Program<br>P.O. Box 1169<br>Red Bluff, CA 96080<br>Phone: (530) 527-3717 | Paul Sutfin<br>APSE, LLC<br>P.O. Box 1144<br>Corning, CA 96021<br>Phone: (530) 953-7680 |

The address and/or contacts may be changed by written notice to the other party. Nothing shall preclude the giving of this information by personal service.

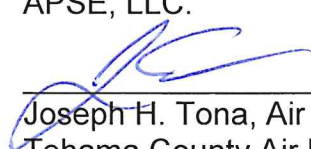
28. Participant shall maintain in force at all times during the term of this Agreement and extensions or modifications thereto, insurance in accordance with Exhibit "B". In the event Participant does not have the required certificate of insurance, or if the required insurance lapses, this Agreement shall be terminated immediately.
29. This agreement supersedes all previous agreements and constitutes the entire understanding of the parties hereto. No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by both parties.
30. No performance to be rendered or payment due under this Agreement may be delegated or assigned.
31. This Agreement shall be deemed to be made in, and shall be governed by and construed in accordance with the laws of, the State of California (excepting any conflict of laws or provisions which would serve to defeat application of California substantive law). Venue for any action arising from this agreement shall be in Tehama County, California.

Approved:

  
Paul Sutfin, Owner  
APSE, LLC.

Date 3-13-25

Approved:

  
Joseph H. Tona, Air Pollution Control Officer  
Tehama County Air Pollution Control District

Date 3-21-25

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**EXHIBIT "A"**  
**PERFORMANCE REQUIREMENTS**

**PROJECT ID 26-012**

The below listed equipment/engine(s) must meet the minimum performance requirements shown to avoid reimbursement according to Section 18 of this Agreement.

| <b>Equipment/Engine<br/>Make and Model</b>                                                         | <b>Serial<br/>Number*</b> | <b>Minimum<br/>Yearly<br/>Usage<br/>(hours)</b> | <b>Project<br/>Life<br/>(years)</b> | <b>Recapture<br/>Amount<br/>(Payback Factor)<br/>(\$/hr/yr)</b> | <b>Maximum<br/>Incentive<br/>Amount</b> |
|----------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------------------|-------------------------------------|-----------------------------------------------------------------|-----------------------------------------|
| New Kubota,<br>M7060HDC12<br>tractor, equipped<br>with a 71-<br>horsepower diesel-<br>fired engine | TBD                       | 300                                             | 4                                   | \$34.62                                                         | \$41,554.00                             |

\*Serial Number will be filled in by the Tehama County Air Pollution Control District upon verification of project completion.

**EXISTING ENGINE SPECIFICATIONS**

The below listed equipment/engine(s) specifications must match the specifications turned in with the application, and be running at the time of pre-inspection.

| <b>Equipment/Engine<br/>Make, Model, and Year</b>                                             | <b>Serial Number</b> |
|-----------------------------------------------------------------------------------------------|----------------------|
| 1982 International<br>Harvester 484 equipped<br>with a diesel-fired, 50-<br>horsepower engine | 238084ERY            |

**EXHIBIT "B"**

**INSURANCE REQUIREMENTS**

1. During the "project completion timeline," or for one year from the execution of this Agreement, whichever is longer, Participant shall, at its sole expense, obtain and maintain in full force and effect the type and limits of liability requirements as follows:

COMMERCIAL/GENERAL LIABILITY: Bodily Injury and Property Damage for premises and operations; Personal Injury and Advertising for premises and operations; Independent Contractors (if any basis); Incidental Contracts; Contractual Liability; and Products and Completed Operations.

"Claims made" policies are unacceptable.

Minimum Limits: \$1,000,000 combined single limit, on an occurrence policy form.

WORKERS COMPENSATION: If Participant has employees, he/she shall obtain and maintain continuously workers' compensation insurance as required by California law to cover Participant and Participant's employees and partners.

2. Participant shall maintain in force at all times during the term of this Agreement property insurance in an amount of not less than the replacement value of the equipment/engine(s) subject to this Agreement, and covering all risks of loss, damage or destruction of such equipment/engine(s). The policy shall list the Tehama County Air Pollution Control District as loss payee.
3. With regard to all insurance provided as required hereunder:

Notice of Cancellation: Each insurance policy shall be endorsed, and evidence of such endorsement shall be provided to the DISTRICT, that coverage not be suspended, voided, canceled, reduced in coverage or in limits, or material change in coverage, except after thirty (30) days prior written notice has been given to the DISTRICT. Ten (10) days prior written notice of cancellation for non-payment of Participant's insurance premium is permissible.

Supplementary Payments: The above-stated limits of liability coverage for Commercial/ General Liability assumes that the standard "supplementary payments" clause will pay in addition to the applicable limits of liability and that these supplementary payments are not included as part of the insurance limits of liability. If any of the policies indicate that defense costs are included in the general aggregate limit, then the general aggregate limits must be a multiple of the per occurrence limits.

Participant's Insurance Primary: The Participant's insurance coverage shall be primary insurance. Any insurance or self-insurance maintained by the DISTRICT,

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it officials, trustees, agents, employees or volunteers shall be excess to the Participants insurance and shall not contribute with it.

Acceptability of Insurer: Insurance is to be placed with admitted State of California insurers which have an A.M. Best's rating of no less than A:VII, or be an equivalent program of self-insurance.

Exceptions: Any exceptions to the above insurance requirements are subject to the concurrence of the DISTRICT.

**4. Verification of Coverage:**

Participant shall furnish the DISTRICT with insurance or self-insurance and/or original endorsement(s) and/or binder(s) affecting coverage required herein, as directed by the DISTRICT. The certificates, endorsements, and/or binders for each insurance policy are to be signed by a person authorized by the insurer to effect coverage on its behalf. The certificates, endorsements, and/or binders are to be received and approved by the DISTRICT before work commences. The DISTRICT reserves the right to require complete, certified copies of all required insurance policies, at any time. If Participant provides self-insurance, it shall, on intervals specified by the APCO, provide financial statements sufficiently detailed so as to allow the APCO to assess Participant's capability of providing such self-insurance. The APCO may reject self-insurance coverage where he finds that sufficient coverage will not be afforded to the DISTRICT.

