Purpose of Today’s Discussion

• Discuss proposed program changes for 2014
  – Designed to better serve the target population of small business truck fleets in need of financial assistance
  – Proposed changes primarily directed at participating lenders

• Solicit feedback on affected program areas:
  – Changes to loan loss reserve contribution rate to lenders
  – Potential cap on interest rate that lenders may charge
  – Change in maximum fleet size
Program Overview

- Component of ARB’s funding assistance program to support 2008 diesel vehicle regulations
- Initial program funding provided through the Assembly Bill 118 Air Quality Improvement Program (Chapter 750, Statutes of 2007)
- Provides financing for necessary truck upgrades
- Assists small business truck owners

ARB/CPCFA Partnership

- Program model: CPCFA’s California Capital Access Program (CalCAP)
  - Enabled prompt program startup in 2009
- Existing ARB/CPCFA Interagency Agreement
  - 2009-2013: $44.3M through Assembly Bill 118 Air Quality Improvement Program funds (2009-2013)
Programs Supported

- With existing Interagency Agreement:
  - In-Use Truck and Bus Regulation
  - Heavy-Duty Vehicle Greenhouse Gas Emission Reduction Regulation (SmartWay Technologies)

- For new Interagency Agreement in 2014
  - Continued support for the In-Use Truck and Bus Regulation

Program Achievements

<table>
<thead>
<tr>
<th>Number of Loans Issued</th>
<th>Number of Projects Financed</th>
<th>Project Type</th>
<th>$ Spent on Projects</th>
<th>Total Amount Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,552</td>
<td>3,816</td>
<td>Truck Purchases</td>
<td>$33.7M</td>
<td>$237M</td>
</tr>
<tr>
<td></td>
<td>229</td>
<td>Exhaust Retrofits</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>Trailers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Proposed Program for 2014

- New Interagency Agreement with CPCFA to continue loan assistance in 2014

- $10M from Senate Bill 359 (Chapter 415, Statutes of 2013)
  – Continues program established with AQIP funds to support compliance with In-Use Truck and Bus Regulation

Proposed Changes for 2014

<table>
<thead>
<tr>
<th>Program Criteria</th>
<th>Existing Interagency Agreement: Truck Loan Assistance (AQIP Funds)</th>
<th>Proposed New Interagency Agreement: Truck Loan Assistance (SB 359 Funds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fleet Size</td>
<td>&lt; 40 HD Vehicles</td>
<td>&lt; 10 HD Vehicles</td>
</tr>
<tr>
<td>Interest Rate Cap</td>
<td>None</td>
<td>20% Annual Percentage Yield (APY)</td>
</tr>
<tr>
<td>Loan Loss Reserve</td>
<td>Currently at 10%</td>
<td></td>
</tr>
<tr>
<td>Contribution</td>
<td></td>
<td>• Reinstall 20% contribution until $5M in loans issued</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retain 10% contribution for all lenders with over $5M in loans</td>
</tr>
</tbody>
</table>
| Products Eligible for Financing | • Newer Trucks (2007+ MY engines)  
|                           | • Exhaust Retrofits                                                | • Newer Trucks (2007+ MY engines)                                 |
|                           | • SmartWay Technologies                                            | • Exhaust Retrofits                                               |
Additional Borrower Information

• Borrower writes in total number of on-road heavy-duty vehicles in fleet on Borrower Eligibility Criteria and Self-Certification Form

Program Contacts

• CPCFA
  – Nancee Trombley, CalCAP Manager: 916-651-8663 or ntrombley@treasurer.ca.gov

• ARB
  – Krista Fregoso, Program Staff: 916-445-5035 or kfregoso@arb.ca.gov
  – John Kato, Program Manager: 916-322-2891 or jkato@arb.ca.gov
Comments and Discussion