

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the California Air Resources Board (CARB), with its principal location at 1001 I Street, Sacramento, California 95814; and Better Built Truss, Inc., with its principal location at 251 East Fourth Street, Ripon, California 95366, (collectively, the "Parties," or individually, "Party").

LEGAL BACKGROUND

- (1) **Purpose.** The California Health and Safety Code (Health & Saf. Code) mandates the reduction of emission of air pollution from motor vehicles, creates the Motor Vehicle Inspection Program, and requires CARB to adopt regulations that require owners and operators of heavy-duty vehicles to perform regular inspections of their vehicles for excess emissions. (Health & Saf. Code §§ 43013, 43018, 43701, 44011.6.)
- (2) **Regulation.** CARB adopted the California Code of Regulations (Cal. Code Regs.) "*Periodic Smoke Inspections of Heavy-Duty Diesel-Powered Vehicles*" Regulation (PSIP Regulation) to reduce excess smoke opacity emissions from heavy-duty vehicles. (Cal. Code Regs., tit. 13, §§ 2190 et seq.)
- (3) **Regulatory Provisions.** The PSIP Regulation requires owners and operators of heavy-duty diesel vehicles with gross vehicle weight ratings greater than 6,000 pounds that operate within the State of California to conduct annual smoke opacity inspections (or on-board diagnostic review for model year 2013 engines or newer) of their vehicles by a CARB-approved trained smoke tester, using smoke test equipment and procedures that comply with the Society of Automotive Engineers (SAE) procedures J1667, "*Snap Acceleration Smoke Test Procedure for Heavy-Duty Powered Vehicles.*" Owners and Operators must also keep records of this data and provide to CARB upon request. (Cal. Code Regs., tit. 13, §§ 2190-2194.)
- (4) **Penalty Provisions.** Failure to comply with the regulatory requirements is a violation of state law that may result in penalties up to thirty-seven thousand, five hundred dollars (\$37,500) for each strict liability violation of the PSIP Regulation. (Health & Saf. Code, § 43016; Cal. Code Regs., tit.13, § 2190 et seq.)

CASE BACKGROUND

- (5) **Corporate Entity.** At all relevant times, Better Built Truss, Inc. was organized under the laws of California as a limited liability company and conducted business in the State of California.
- (6) **Allegations.** This Settlement Agreement resolves Notice of Violation (NOV) SFES-305, which was issued on April 29, 2020. CARB alleges Better Built Truss, Inc. violated the PSIP Regulation by owning or operating heavy-duty vehicles with gross

vehicle weight greater than 6,000 pounds in California and failing to conduct annual smoke opacity inspections, failing to keep adequate records, and failing to provide records to CARB upon request; resulting in eight violations, as outlined in NOV SFES-305. CARB alleges that if the allegations described in paragraphs (1) through (6) were proven, civil penalties could be imposed against Better Built Truss, Inc. for each violation on each and every vehicle.

- (7) Acknowledgment. Better Built Truss, Inc. admits to the facts in paragraphs (1) through (6), but denies any liability resulting from said allegations.
- (8) Consideration. In consideration of the foregoing, and of the promises and facts set forth herein, the Parties desire to settle and resolve all claims, disputes, and obligations relating to the above-listed alleged violations and voluntarily agree to resolve this matter by means of this Settlement Agreement. In order to resolve the violations described herein, Better Built Truss, Inc. has taken, or agrees to take, the actions enumerated below within the Terms and Conditions. Further, CARB accepts this Settlement Agreement in termination and full settlement of this matter.

TERMS AND CONDITIONS

In consideration of CARB not filing a legal action against Better Built Truss, Inc. for the alleged violations referred to above in the Legal Background and Case Background, and Better Built Truss, Inc.'s agreement to complete all terms and conditions set forth below, CARB and Better Built Truss, Inc. agree as follows:

- (9) Settlement Amount. Better Built Truss, Inc. shall pay a civil penalty of four thousand dollars (\$4,000.00 USD). Better Built Truss, Inc. shall make all payments within 30 calendar days from the date CARB notifies Better Built Truss, Inc. of the full execution of the Settlement Agreement.
- (10) Civil Penalty Payment Method. Better Built Truss, Inc. shall pay the civil penalty by check, credit card, wire transfer, or portal, payable to CARB, using instructions provided separately by CARB in a Payment Transmittal Form. Better Built Truss, Inc. is responsible for all payment processing fees. Payments shall be accompanied by the Payment Transmittal Form to ensure proper application. CARB shall deposit the civil penalty amount into the Air Pollution Control Fund for the purpose of carrying out CARB's duties and functions to ensure the integrity of its air pollution control programs. Should payment instructions change, CARB will provide notice to Better Built Truss, Inc. in accordance with Paragraph (15) Notices.
- (11) Other Relief. Better Built Truss, Inc. shall comply with one of the following options: attend the California Council on Diesel Education and Technology (CCDET I) class, (SAE J1667 Snap Acceleration Smoke Test Procedure for Heavy-Duty Diesel

Powered Vehicles) as described on the CCDET webpage www.ccdet.org/class-schedule/, or CARB's Online Training for Fleet Owners/Employees (MS529 Online Smoke-Test Training) at <https://ww2.arb.ca.gov/our-work/programs/heavy-duty-diesel-inspection-periodic-smoke-inspection-program/hdvpip-psip>.

(a) Better Built Truss, Inc. shall have the fleet maintenance manager (or equivalent) attend the CCDET I class or the CARB Online Training for Fleet Owners/Employees (MS529 Online Smoke-Test Training). Proof of completion of either course shall be to CARB within six months of the date of this Agreement and be maintained in each applicable employee's file for the term of his or her employment.

(b) If Better Built Truss, Inc. uses a contractor to perform the annual smoke opacity testing required under the PSIP Regulation, in addition to having the fleet maintenance manager (or equivalent) attend the CCDET I or CARB course, Better Built Truss, Inc. shall obtain proof that the contractor's staff conducting the smoke opacity tests completed the CCDET I course within the past four years. This proof of CCDET I completion shall be provided to CARB with PSIP Regulation records as required by this Agreement and be maintained with the annual PSIP Regulation records.

(12) Other Relief. As is typically required, Better Built Truss, Inc. shall submit copies of all PSIP Regulation compliance records for 2021 after the close of the audit to CARB by January 31 of the following year. CARB acknowledges that Better Built Truss, Inc. has already submitted copies of all PSIP Regulation compliance records for year 2020 and has therefore complied with that requirement. CARB reserves the right to visit any Better Built Truss, Inc. fleet location at any time to conduct compliance audits for the HDVIP and PSIP Regulation, or any other applicable CARB program.

(13) Other Relief. Better Built Truss, Inc., by December 31, 2021, shall submit proof of compliance with the January 1, 2021 Truck and Bus deadline, for all regulated heavy-duty diesel vehicles.

(14) Documents. Better Built Truss, Inc. shall promptly email or mail the signed and dated Settlement Agreement, with copy of proof of payment of the penalty, a copy of the Payment Transmittal Form, and the signed and dated Compliance Plan (if applicable) to the address or email in Paragraph 15 (Notices).

(15) Notices. Unless otherwise specified in this Settlement Agreement, whenever notifications, submissions, or communications are required by this Settlement Agreement, they shall be submitted in writing to the address or email below:

As to CARB:

California Air Resources Board

Enforcement Division / Settlement Agreements

Better Built Truss, Inc. Settlement Agreement
Notice of Violation: SFES-305

Specialized Fleet Enforcement Section
P.O. Box 2815
Sacramento, CA 95812-2815
Settlement_Agreement@arb.ca.gov

As to Better Built Truss, Inc:
Better Built Truss, Inc.
251 East Fourth Street
Ripon, CA 95366

Any Party may, by written notice to the other Parties, change its designated notice recipient or notice address provided above. Notices submitted pursuant to this section shall be deemed submitted upon emailing or mailing.

- (16) Repeat Violations. Better Built Truss, Inc. agrees to comply with all regulatory requirements and acknowledges that repeat violations could result in increased penalties in the future.
- (17) Entirety. This Settlement Agreement constitutes the entire agreement and understanding between the Parties concerning the Case Background, and supersedes and replaces any and all prior negotiations and agreements of any kind, whether written or oral, between the Parties concerning the Case Background hereof. This Settlement Agreement consists of 7 pages and 35 paragraphs.
- (18) Binding Effect. This Settlement Agreement binds Better Built Truss, Inc., and any principals, officers, receivers, trustees, successors and assignees, subsidiary and parent corporations and CARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Settlement Agreement.
- (19) Effective Date. The effective date shall be the date upon which this Settlement Agreement is fully executed.
- (20) Modification and Termination. No agreement to modify, amend, extend, supersede, terminate, or discharge this Settlement Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all Parties to this Settlement Agreement.
- (21) Severability. Each provision of this Settlement Agreement is severable, and in the event that any provision of this Settlement Agreement is held to be illegal, invalid or unenforceable in any jurisdiction, the remainder of this Settlement Agreement remains in full force and effect.

- (22) Choice of Law. This Settlement Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice-of-law rules.
- (23) Non-Discharge. It is further agreed that the penalties described in this Settlement Agreement are non-dischargeable under United States Code, title 11, section 523(a)(7), which provides an exception from discharge for any debt to the extent such debt is for a fine, penalty, or forfeiture payable to and for the benefit of a governmental unit.
- (24) Not Tax Deductible. For purposes of this Settlement Agreement, Better Built Truss, Inc. shall not deduct any monies spent to comply with any provision of this Settlement Agreement in calculating and submitting its federal, state, or local income tax.
- (25) Rules of Construction. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Settlement Agreement.
- (26) Non-Waiver. The failure to enforce any provision of this Settlement Agreement shall not be construed as a waiver of any such provision, nor prevent such Party thereafter from enforcing such provision or any other provision of this Settlement Agreement. The rights and remedies granted all Parties herein are cumulative and the election of one right or remedy by a Party shall not constitute a waiver of such Party's right to assert all other legal remedies available under this Settlement Agreement or otherwise provided by law.
- (27) Intent to be Bound. The Parties represent that: They have participated fully in the review and drafting of this Settlement Agreement; understand and accept all terms; enter into this Settlement Agreement freely and voluntarily; have had an opportunity to consult with legal counsel; are fully informed of the terms and effect of this Settlement Agreement; have agreed to this Settlement Agreement after independent investigation and agree it was not arrived at through fraud, duress, or undue influence; and knowingly and voluntarily intend to be legally bound by this Settlement Agreement.
- (28) Venue. The Superior Court of California, located in the County of Sacramento, shall hear any dispute between the Parties arising from this Settlement Agreement.
- (29) Counterparts and Electronic Signatures. This Settlement Agreement may be executed in counterparts. Electronic, facsimile or photocopied signatures shall be considered as valid signatures.

- (30) Release. In consideration of the full completion of civil penalty and all other undertakings above, CARB hereby releases Better Built Truss, Inc. and its principals, officers, receivers, trustees, successors and assignees, subsidiary and parent corporations, from any claims CARB may have based on the circumstances described in all paragraphs contained in the Case Background above.
- (31) Authority. The undersigned represents that he or she has full authority to enter into this Settlement Agreement.

PENALTY BASIS

- (32) Per Unit Penalty. The per unit or per vehicle penalty in this case is a maximum of thirty-seven thousand five hundred dollars (\$37,500.00) per vehicle that is in violation of the Health and Saf. Code, § section 43016 and PSIP Regulation. (Cal. Code Regs., tit.13, § 2190 et seq.) The penalty of four thousand dollars (\$4,000.00) over an unspecified number of days of violation is for six noncompliant heavy-duty vehicles. The per unit penalty in this case is approximately six hundred sixty-seven dollars (\$667.00) per noncompliant vehicle.
- (33) Emissions. The provisions cited above do prohibit emissions above a specified level. Without information on usage and emission rates, it is not practicable to quantify the excess emissions. However, since CARB has alleged that the vehicles did not meet the regulatory requirements, all of the emissions from it were excess and illegal.
- (34) Aggravating and Mitigating Factors. The penalties in this matter were determined in consideration of all relevant circumstances, including statutory factors as described in CARB's Enforcement Policy. CARB considered whether the violator came into compliance quickly and cooperated with the investigation; the extent of harm to public health, safety and welfare; nature and persistence of the violation, including the magnitude of the excess emissions; compliance history; preventative efforts taken; innovative nature and the magnitude of the effort required to comply, and the accuracy, reproducibility, and repeatability of the available test methods; efforts to attain, or provide for, compliance prior to violation; action taken to mitigate the violation; financial burden to the violator; and voluntary disclosure. The penalties are set at levels sufficient to deter violations, to remove any economic benefit or unfair advantage from noncompliance, to obtain swift compliance, and the potential costs, risks, and uncertainty associated with litigation. Penalties in future cases might be smaller or larger depending on the unique circumstances of the case.
- (35) Confidential Business Information. CARB based this penalty in part on confidential business information provided by Better Built Truss, Inc. and confidential settlement communications, neither of which are retained by CARB in the ordinary

Better Built Truss, Inc. Settlement Agreement
Notice of Violation: SFES-305

course of business.

ACKNOWLEDGED AND ACCEPTED BY:

California Air Resources Board

Signature: /S/

Name: Todd P. Sax, D.Env.

Title: Chief, Enforcement Division

Date: 8/27/2020

Better Built Truss, Inc.

Signature: /S/

Name: Alan Kosky

Title: Plant Manager

Date: 7/27/2020