STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (Rev 06/03)

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

STATE AGENCY'S NAME
Air Resources Board (ARB or State)

CONTRACTOR'S NAME
Western Climate Initiative, Inc. (WCI, Inc. or Contractor)

2. The term of this Agreement is:

January 1, 2014 through December 31, 2015

3. The maximum amount of this Agreement is:

$4,000,000.00
(Four Million Dollars and No Cents)

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
- Exhibit B – Budget Detail and Payment Provisions
- Exhibit C* – General Terms and Conditions (GTC-610)
- Exhibit D – Special Terms and Conditions (Attached hereto as part of this agreement)

Items shown with an Asterisk (*) are hereby incorporated by reference and made part of this agreement as if attached hereto.

These documents can be viewed at www.ols.dgs.ca.gov/Standard+Language

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

Western Climate Initiative, Inc. (WCI, Inc.)

BY (Authorized Signature)

DATE SIGNED: May 2, 2014

PRINTED NAME AND TITLE OF PERSON SIGNING
Patrick Cummins, Executive Director, WCI, Inc.

ADDRESS
980 9th Street, Suite 1600
Sacramento, CA 95814

STATE OF CALIFORNIA

AGENCY NAME
Air Resources Board

BY (Authorized Signature)

DATE SIGNED: 5/2/14

PRINTED NAME AND TITLE OF PERSON SIGNING
Edie Chang, Deputy Executive Officer

ADDRESS
1001 I Street, 20th Floor
Sacramento, CA 95814

California Department of General Services Use Only

Exempt per. SCM, Vol. I, §4.04.3
Background

The Global Warming Solutions Action of 2006 (AB 32) charges the Air Resources Board (ARB) with designing emission reduction measures to meet statewide emission limits for greenhouse gases (GHG). AB 32 directed ARB to design and implement measures that achieve real, quantifiable, cost-effective reductions of GHG emissions to return California to 1990 emissions levels by 2020. ARB was authorized to consider using market-based compliance mechanisms, such as a cap-and-trade program, to achieve the necessary emission reductions. Additional information on AB 32 and the ARB climate change program is available at: http://www.arb.ca.gov/cc/cc.htm.

After a multi-year policy development and stakeholder involvement process, ARB adopted the California cap-and-trade regulation that took effect on January 1, 2012. ARB has also adopted regulations to link the California program with a similar program implemented by the Province of Quebec. That linkage is planned to take effect on January 1, 2014.

Western Climate Initiative, Inc. (WCI, Inc.) was formed as a nonprofit organization to provide coordinated administrative and technical support to California and other states and provinces implementing emissions trading programs to reduce GHG emissions. By coordinating support across jurisdictions, WCI, Inc. enables cap-and-trade programs to be administered at a lower cost than would be possible with independent administration by each jurisdiction. Coordinated administrative support ensures that all the programs maintain the highest level of security, enhances market oversight, reducing the potential for fraud and malfeasance, and provides a framework that can be expanded as more jurisdictions implement their respective programs.

ARB will provide annual participation dues to WCI, Inc. as described in Exhibit B. As a participating jurisdiction, and as required in Senate Bill 1018 (California Government Code Section 12894), California holds two (2) voting positions and two (2) nonvoting positions on the WCI, Inc. Board of Directors. Quebec and British Columbia are also participating jurisdictions (more information regarding the WCI, Inc. Board of Directors and bylaws is available at: http://www.wci-inc.org/). The funding contributions to WCI, Inc. differ among jurisdictions based on reported GHG emissions in each jurisdiction.

WCI, Inc. agrees to provide ARB with participation in WCI, Inc. with access to administrative systems being developed and administered to support the implementation of state and provincial greenhouse gas trading programs. ARB will be provided access to administrative systems including development and administration of the Cap-and-Trade Compliance Instrument Tracking System Service (CITSS); administration of a CITSS help desk; development and administration of an allowance auction platform; coordinated auction financial administration; and analyses supporting market monitoring performed by each jurisdiction of allowance auctions and allowance and offset credit trading.
EXHIBIT A
SCOPE OF WORK

The project managers during the term of this agreement will be:

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<thead>
<tr>
<th><strong>State Agency</strong></th>
<th><strong>Contractor</strong></th>
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<tbody>
<tr>
<td>Air Resources Board</td>
<td>Western Climate Initiative, Inc. (WCI, Inc.)</td>
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<table>
<thead>
<tr>
<th><strong>Name</strong></th>
<th><strong>Address</strong></th>
<th><strong>Phone</strong></th>
<th><strong>Fax</strong></th>
<th><strong>Email</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashley Dunn</td>
<td>1001 I Street Sacramento, CA 95814</td>
<td>(916) 322-7156</td>
<td></td>
<td><a href="mailto:adunn@arb.ca.gov">adunn@arb.ca.gov</a></td>
</tr>
<tr>
<td>Patrick Cummins</td>
<td>980 Ninth Street, Suite 1600 Sacramento, CA 95814</td>
<td>(916) 449-9966</td>
<td></td>
<td><a href="mailto:pcummins@wci-inc.org">pcummins@wci-inc.org</a></td>
</tr>
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Direct all administrative inquiries to:

<table>
<thead>
<tr>
<th><strong>State Agency</strong></th>
<th><strong>Contractor</strong></th>
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<tr>
<th><strong>Section/Unit</strong></th>
<th><strong>Address</strong></th>
<th><strong>Phone</strong></th>
<th><strong>Fax</strong></th>
<th><strong>Email</strong></th>
</tr>
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<tbody>
<tr>
<td>Administrative Services Division</td>
<td>1001 &quot;I&quot; Street Sacramento, CA 95814</td>
<td>(916) 322-4349</td>
<td>(916) 327-2940</td>
<td><a href="mailto:tlangdon@arb.ca.gov">tlangdon@arb.ca.gov</a></td>
</tr>
<tr>
<td>WCI, Inc.</td>
<td>980 Ninth Street, Suite 1600 Sacramento, CA 95814</td>
<td>(916) 449-9966</td>
<td></td>
<td><a href="mailto:pcummins@wci-inc.org">pcummins@wci-inc.org</a></td>
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EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Invoicing and Payment

A. Upon receipt and approval of the invoice(s), the State agrees to compensate the Contractor for membership dues of $4,000,000 on a quarterly basis at $500,000 each quarter for a total of $2,000,000 per year. The total amount payable to the contractor shall not exceed $4,000,000.

B. Contractor shall submit one (1) original and one (1) copy of each invoice. Invoice(s) must include the Agreement Number and shall be submitted not more frequently than quarterly in arrears to:

Air Resources Board
Accounting Section
P.O. Box 1436
Sacramento, CA 95812

2. Budget Contingency Clause

A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement. The State will promptly notify Contractor if the Budget Act does not appropriate sufficient funds for the program.

B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.
EXHIBIT D
SPECIAL TERMS AND CONDITIONS

1. Termination

This Agreement may be canceled at any time by either party, upon thirty (30) days written notice to the other party.

2. Disputes

A. ARB reserves the right to issue an order to stop work in the event that a dispute should arise, or in the event that ARB gives the Contractor a notice that this Agreement will be terminated. The stop-work order will be in effect until the dispute has been resolved or this Agreement has been terminated.

B. Any dispute concerning a question of fact arising under the terms of this Agreement which is not disposed of within a reasonable period of time by agency and Contractor employees normally responsible for the administration of this agreement, shall be brought to the attention of the Executive Officer or designated representative of each party for joint resolution.

3. Amendments

A. 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 this Agreement is binding on any of the parties.

B. ARB reserves the right to amend this Agreement through a formal written amendment, signed by the parties, for additional time and/or funding.