

**AGREEMENT BETWEEN THE CITY OF LOS ANGELES
AND THE CITY OF LONG BEACH**

**ESTABLISHING COSTS TO BE SHARED
UNDER THE CLEAN AIR ACTION PLAN**

VERAIL TECHNOLOGIES, INC.

DUEL-FUELED SWITCHER NEAR-ZERO EMISSIONS LOCOMOTIVE

THIS AGREEMENT is made and entered into by and between the CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Harbor Commissioners, at its meeting of NOV. 17, 2016, and the CITY OF LONG BEACH, a municipal corporation, acting by and through its Board of Harbor Commissioners ("City of Long Beach"), at its meeting of NOV. 14, 2016.

WHEREAS, the Cities of Los Angeles and Long Beach, acting by and through their respective Board of Harbor Commissioners ("Ports") have entered into Los Angeles Agreement No. 2546/Long Beach Agreement No. HD-7173 ("Master Cost Sharing Agreement") expressing their desire to share the costs of certain contracts related to the San Pedro Bay Ports Clean Air Action Plan; and

WHEREAS, the Ports are interested in sharing the cost of an agreement to have VeRail Technologies, Inc. ("VeRail") build and test a dual-fueled switcher locomotive equipped with near-zero emissions engines with on-board compressed natural gas (CNG) fuel storage (the "Project") in accordance with the terms of the Master Cost Sharing Agreement;

NOW, THEREFORE, THE PORTS AGREE AS FOLLOWS:

1. The City of Long Beach has entered into or intends to enter into an agreement with VeRail for the Project.
2. The term of the agreement between the City of Long Beach and VeRail shall be deemed to have commenced on September 1, 2016 and, subject to the City of Long Beach's right to terminate early, shall terminate on August 31, 2019.
3. The total cost of the Project is estimated at **\$600,000** with the Ports paying \$300,000 each.
4. The terms and conditions of the Master Cost Sharing Agreement are incorporated by reference into this agreement and the Ports agree to abide by all the terms and conditions of said agreement.
5. The terms of this cost sharing agreement shall be amended only in writing and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the date to the left of their signatures.

THE CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Harbor Commissioners .

Date: Dec 2, 2016

By: [Signature]
Eugene D. Seroka
Executive Director

APPROVED AS TO FORM AND LEGALITY:

MICHAEL N. FEUER, City Attorney
Janna B. Sidley, General Counsel

By: [Signature]
Heather M. McCloskey, Deputy City Attorney

ATTEST: [Signature]
Secretary

Date: October 4, 2016

THE CITY OF LONG BEACH, a municipal corporation, acting by and through its Board of Harbor Commissioners

Date: _____, 2016

By: _____
Jon W. Slangerup
Chief Executive

APPROVED AS TO FORM:
CHARLES PARKIN, City Attorney

By: _____
Lauren E. Misajon
Deputy City Attorney

Date: _____, 2016

Account#	<u>59965</u>	W.O.#	<u>78085</u>
Ctr/Div#	<u>0330</u>	Job Fac.#	<u>637100</u>
Proj/Prog#	<u>000</u>		
Budget FY:		Amount:	
<u>2016-17</u>	<u>150,000</u>		
<u>2017-18</u>	<u>75,000</u>		
<u>2018-19</u>	<u>75,000</u>		
TOTAL	<u>300,000</u>		
For Acct/Budget Div. Use Only			
Verified by:	<u>[Signature]</u>		
Verified Funds Available:	<u>[Signature]</u>		
Date Approved:	<u>10/31/16</u>		

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the date to the left of their signatures.

THE CITY OF LOS ANGELES, a municipal corporation, acting by and through its Board of Harbor Commissioners

Date: _____, 2016

By: _____
Eugene D. Seroka
Executive Director

APPROVED AS TO FORM AND LEGALITY:

MICHAEL N. FEUER, City Attorney
Janna B. Sidley, General Counsel

ATTEST: _____
Secretary

By: _____
Heather M. McCloskey, Deputy City Attorney


Date: _____, 2016

THE CITY OF LONG BEACH, a municipal corporation, acting by and through its Board of Harbor Commissioners

Date: 11/23, 2016

By: 
Jon W. Slangerup
Chief Executive

APPROVED AS TO FORM:
CHARLES PARKIN, City Attorney

By: 
Lauren E. Misajon
Deputy City Attorney

Date: November 21, 2016

Account#	W.O.#
Ctr/Div#	Job Fac.#
Proj/Prog#	
Budget FY: Amount:	
TOTAL	
<u>For Acct/Budget Div. Use Only</u>	
Verified by:	_____
Verified Funds Available:	_____
Date Approved:	_____

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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AGREEMENT
BETWEEN THE CITY OF LONG BEACH AND

VERAIL TECHNOLOGIES, INC.
1776 MENTOR AVENUE, SUITE 350
CINCINNATI, OH 45212
TELEPHONE NO. (513) 454-8192
FAX NO. (513) 351-0610

THIS AGREEMENT is made and entered into, in duplicate, as of the date executed by the Chief Executive of the Long Beach Harbor Department ("Chief Executive"), by and between the CITY OF LONG BEACH, a municipal corporation, acting by and through its Board of Harbor Commissioners ("City"), pursuant to authority granted by said Board at its meeting of 11/14, 2016; and VERAIL TECHNOLOGIES, INC., a Nevada corporation ("VeRail").

1. This agreement is made with reference to the following facts and objectives:

1.1 City and the City of Los Angeles Harbor Department ("Los Angeles") (referred to collectively as "joint ports") created the Technology Advancement Program ("TAP") as part of the joint ports' Clean Air Action Plan ("CAAP") in order to accelerate the verification or commercial availability of new, clean technologies that are applicable to the port industry and result in significant reductions of diesel particulate matter, nitrogen oxides, sulfur oxides and other pollutants.

1.2 The TAP will provide grant funding to assist port-related technology vendors in identifying, evaluating and demonstrating new and emerging emissions reductions technologies and strategies that may result in new control measures, alternatives to existing strategies or as additional mitigation options under the CAAP.

1.3 The TAP Committee reviews proposed projects for funding and hereby recommends approval of the Scope of Work attached hereto as Exhibit A and incorporated herein by this reference ("Proposal") for VeRail to develop and

1 place into demonstration service one (1) dual-fueled switcher locomotive equipped
2 with near-zero emissions engines with on-board compressed natural gas (CNG) fuel
3 storage ("Project").

4 1.4 The total amount which shall be payable by City and City of Los
5 Angeles to VeRail for VeRail's Project costs during the term of this agreement shall
6 not exceed \$600,000. City intends to seek reimbursement for fifty percent (50%) of
7 the funding for Consultant's services (\$300,000) from the City of Los Angeles
8 pursuant to a separate cost sharing agreement with the City of Los Angeles.

9 2. VeRail agrees to procure, design, develop, integrate, deliver, test,
10 demonstrate, and report on the Project in accordance with the Proposal.

11 3. The term of this agreement shall commence upon execution and,
12 subject to the provisions of paragraph 7, shall terminate on September 30, 2019.

13 4. Charges to City shall be billed by VeRail only following completion of
14 each Project task set forth on Exhibit A and payments work performed shall be made in
15 accordance with the Funding Disbursement Schedule, attached hereto as Exhibit B and
16 incorporated by this reference.

17 5. VeRail shall submit a separate statement not later than the twentieth
18 day after each Project Task in Exhibit A has been achieved, detailing the work performed.
19 All payments to VeRail shall be made by City in due course, not to exceed twenty (20)
20 days, after approval of invoice by the Director of Environmental Planning.

21 6. All test results, data and reports, in whatever form or medium,
22 compiled or prepared by VeRail in performing its services or furnished to VeRail by City
23 shall be the property of the Cities of Long Beach and Los Angeles which shall have the
24 unrestricted right to use or disseminate same without payment of further compensation to
25 VeRail. Copies of VeRail's work product may be retained by VeRail for its own records.

26 7. City shall have the right to terminate this agreement at any time upon
27 ten (10) days' written notice to VeRail. If this agreement is so terminated prior to the
28 expiration of the term, VeRail shall be paid for those charges which have accrued but not

1 been paid through the effective date of termination. VeRail agrees to accept such amount,
2 plus all amounts previously paid, as full payment and satisfaction of all obligations of City
3 to VeRail. VeRail shall deliver to City all test data gathered and all reports for work
4 performed prior to termination of this agreement.

5 8. Neither City nor any of its employees shall have any control over the
6 conduct of VeRail, or employees of VeRail, except as herein set forth, and VeRail and
7 employees of VeRail shall not, at any time or in any manner, represent that VeRail or
8 employees of VeRail, or any of them, are the officers, agents, or employees of City. It is
9 expressly understood and agreed that VeRail is, and shall at all times remain, as to City a
10 wholly independent contractor, and each party's obligations to the other party are solely
11 such as are set forth in this agreement. VeRail shall be free to contract for similar services
12 to be performed for others during this agreement.

13 9. VeRail agrees, subject to applicable laws, rules, and regulations, not
14 to discriminate in the performance of this agreement against any employee or applicant for
15 employment on the basis of race, color, national origin, religion, sex, sexual orientation,
16 gender identity, AIDS, HIV status, age, disability, handicap, or veteran status. VeRail shall
17 ensure that applicants are employed and that employees are treated during employment
18 without regard to any of these bases, including but not limited to employment, upgrading,
19 demotion, transfer, recruitment, recruitment advertising, layoff, termination, rates of pay or
20 other forms of compensation, and selection for training, including apprenticeship. VeRail
21 agrees to post in conspicuous places available to employees and applicants for
22 employment notices to be provided by City setting out the provisions of this
23 nondiscrimination clause. VeRail shall in all solicitations or advertisements for employees
24 state that all qualified applicants will receive consideration for employment without regard
25 to these bases. Compliance with the Americans with Disabilities Act of 1990 shall be the
26 sole responsibility of VeRail, and VeRail shall defend and hold the City harmless from any
27 expense or liability arising from VeRail's non-compliance therewith.

28 10. Except for Payment specifically provided in the Funding Disbursement

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 Schedule set forth in Exhibit B, any access, use or other issues, expenses, liabilities
2 relating to or arising out of VeRail's use of any facility operated by Pacific Harbor Line or
3 anyone else shall be the responsibility of VeRail.

4 11. Any notices to be given under this agreement shall be given in writing.
5 Such notices may be served by personal delivery, facsimile transmission or by first class
6 regular mail, postage prepaid. Any such notice, when served by mail, shall be effective
7 two (2) calendar days after the date of mailing of the same, and when served by facsimile
8 transmission or personal delivery shall be effective upon receipt. For the purposes hereof,
9 the address of City, and the proper person to receive any such notices on its behalf, is:
10 Chief Executive, Long Beach Harbor Department, P.O. Box 570, Long Beach, California
11 90801; and the address of VeRail as indicated above.

12 12. VeRail covenants that both itself, in its corporate capacity, and its
13 principals presently have no interest and shall not acquire any interest, direct or indirect,
14 which would conflict in any manner or degree with the performance of services required to
15 be performed under this agreement.

16 13. (a) VeRail shall indemnify, protect and hold harmless City, the
17 Board of Harbor Commissioners, and their officials, employees and agents ("Indemnified
18 Parties"), from and against any and all liability, claims (including product liability claims),
19 demands, damage, loss, obligations, causes of action, proceedings, awards, fines,
20 judgments, penalties, costs and expenses, including attorneys' fees, court costs, expert
21 and witness fees, and other costs and fees of litigation, arising or alleged to have arisen,
22 in whole or in part, out of or in connection with (1) VeRail's breach or failure to comply with
23 any of its obligations contained in this agreement, or (2) negligent or willful acts, errors,
24 omissions or misrepresentations committed by VeRail, its officers, employees, agents,
25 subcontractors, or anyone under VeRail's control, in the performance of work or services
26 under this agreement (collectively "Claims" or individually "Claim").

27 (b) In addition to VeRail's duty to indemnify, VeRail shall have a
28 separate and wholly independent duty to defend Indemnified Parties at VeRail's expense

1 by legal counsel approved by City, from and against all Claims, and shall continue this
2 defense until the Claims are resolved, whether by settlement, judgment or otherwise. No
3 finding or judgment of negligence, fault, breach, or the like on the part of Consultant shall
4 be required for the duty to defend to arise. City shall notify VeRail of any Claim, shall
5 tender the defense of the Claim to VeRail, and shall assist VeRail, as may be reasonably
6 requested, in the defense.

7 (c) If a court of competent jurisdiction determines that a Claim was
8 caused by the sole negligence or willful misconduct of Indemnified Parties, VeRail's costs
9 of defense and indemnity shall be (1) reimbursed in full if the court determines sole
10 negligence by the Indemnified Parties, or (2) reduced by the percentage of willful
11 misconduct attributed by the court to the Indemnified Parties.

12 (d) The provisions of this paragraph shall survive the expiration or
13 termination of this agreement.

14 14. As a condition precedent to the effectiveness of this agreement,
15 Consultant shall comply with the insurance requirements attached hereto as Exhibit C.

16 15. VeRail shall obtain and maintain any necessary licenses and permits
17 required under Title 3 and Title 5 of the Long Beach Municipal Code. City may withhold
18 any payment to VeRail until VeRail comes into compliance with such licensing and
19 permitting requirements.

20 16. This agreement shall be deemed made in the State of California and
21 shall be governed by the laws of said State (except those provisions of California law
22 dealing with conflicts of law), both as to interpretation and performance.

23 17. In the event of any conflict or ambiguity between this written
24 agreement and any exhibit hereto, the provisions of this agreement shall govern.

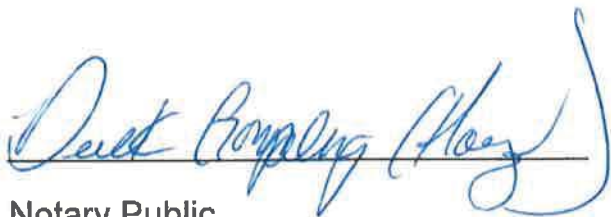
25 18. If there is any legal proceeding between the parties to enforce or
26 interpret this agreement or to protect or establish any rights or remedies hereunder, the
27 prevailing party shall be entitled to its costs and expenses, including reasonable attorneys'
28 fees.

Acknowledgment of Corporation

STATE OF OHIO

COUNTY OF HAMILTON

The foregoing instrument was acknowledged before me this 31st day of October 2016, by Thomas Mack, President of VeRail Technologies, Inc. a Nevada Corporation, on behalf of the corporation.



Notary Public

Printed Name:

Derek Hoening (Hoening)

My Commission Expires:

August 15, 2018



DEREK HOENING

Notary Public, State of Ohio

My Commission Expires

August 15, 2018

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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19. This agreement shall not be amended, nor any provision or breach hereof waived, except in writing signed by the parties which expressly refers to this agreement.


20. Except with the written consent of the City, whose consent may be withheld in its sole and absolute discretion, this agreement shall not be assigned. Any proposed assignment without such consent shall be void.

21. This agreement, including all exhibits, constitutes the entire understanding between the parties and supersedes all other agreements, oral or written, with respect to the subject matter herein.

OCTOBER 31, 2016

_____, 2016

VERAIL TECHNOLOGIES, INC., a Nevada corporation

By: 
Name: PETER P. RODSON
Title: CHAIRMAN & CEO

By: _____
Name: _____
Title: _____

VERAIL

CITY OF LONG BEACH, a municipal corporation, acting by and through its Board of Harbor Commissioners

Feb. 2, 2016

By: 
Duane L. Kenagy
Acting Chief Executive
Long Beach Harbor Department

CITY

The foregoing document is hereby approved as to form.

November 21, 2016

CHARLES PARKIN, City Attorney
By: 
Lauren E. Misajon, Deputy

LEM:mb 10/31/16 A16-01916
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Acknowledgment for Corporation

State of Arizona

County of MARICOPA

The foregoing instrument was acknowledged before me this OCTOBER 31, 2016 (date) by

PETER P. KOESEN (name of officer or agent, title or officer or agent)

of UBRAIL TECHNOLOGIES, INC. (name of corporation acknowledging)

a NEVADA (state or place of incorporation) corporation, on behalf of the corporation.

NOTARY PUBLIC Holly Geymont

Print Name: Holly Geymont

My Commission Expires:
8/3/18



EXHIBIT A
SCOPE OF WORK
VeRAIL NEAR-ZERO EMISSIONS LOCOMOTIVE DEMONSTRATION

The VeRail Technologies, Inc. (VeRail) dual-fueled locomotive combines near-zero emissions locomotive engines with on-board compressed natural gas (CNG) fuel storage. The VeRail VR21C4-df locomotive will be equipped with two near-zero natural gas power modules and two (2) 600 horsepower backup Tier 4 gen-sets. The diesel gen-sets will only be used to meet peak power requirements and provide a safety back-up, should the natural gas system malfunction. The VeRail locomotive is specifically designed to meet the current operating requirements for switching activities; the VR21C4-df will undergo a one-year demonstration in Pacific Harbor Line (PHL) operations for at least 3,000 hours as required by the California Air Resources Board (CARB) for verification that the locomotive achieves Environmental Protection Agency (EPA) Tier 4 switcher locomotive engine emission standards and CARB near-zero emissions requirements. The CARB Tier 4+ targets aim for a 70% reduction in both NOx and PM below current EPA Tier 4 locomotive standards.

Under this agreement, VeRail shall perform the following tasks and submit the deliverables identified below.

Task 1 - Complete Contract Engineering

This task includes the analysis required for the locomotive to meet the Federal Railroad Administration (FRA) requirements for safety, crashworthiness, ride and stability, and to satisfy the FRA's operator safety requirements.

Task 1 Deliverables

- Monthly progress reports detailing the progress towards meeting the FRA requirements. The monthly progress report shall document actual accomplishments, cost status, schedule changes, change in approach and aims, and actual or anticipated problems and delays and how they were resolved during the reporting period.
- Report indicating completion of analysis in accordance with FRA requirements. This report may be the same as that submitted to FRA.

Task 2 – Development of In-Use Performance Demonstration and Test Protocol

VeRail will develop the in-use demonstration and emissions testing protocol to be used towards the VeRail VR21C4-df locomotive EPA certification and CARB verification.

Task 2 Deliverables

- Monthly progress reports detailing the progress towards the development of the in-use performance demonstration and emissions testing protocol, including coordination with the EPA, CARB, and South Coast Air Quality Management District (SCAQMD), PHL, and the Ports. The monthly progress report shall document actual accomplishments, cost status, schedule changes, change in approach and aims, and actual or anticipated problems and delays and how they were resolved during the reporting period.
- Final In-Use Performance Demonstration and Emissions Test Protocol report approved by CARB and concurred upon by the SCAQMD and the Ports.

Task 3 – Complete Build of VeRail CD600 Engines, Generators, Get-Sets; Preliminary Emissions Testing

This task consists of the manufacture/build of the VeRail CD600 near-zero- emissions locomotive engines and auxiliary components including cooling systems, non-SCR catalytic converter NOx emissions control, and non-methane hydrocarbon emissions catalytic converters. The locomotive engines will be tested and calibrated on a dynamometer using Federal Test Procedures for EPA certification to Tier 4 standards and verification to CARB near-zero emissions ensure that they meet CARB targets for near-zero emissions locomotives. Four (4) high-speed generators will be built, calibrated, and tested for use with the locomotive engines. Two (2) 600 HP Cummins QSX15 diesel gen-sets will be also be manufactured for subsequent incorporation into the VR21C4-df locomotive.

Task 3 Deliverables

- Monthly progress reports detailing the progress towards the complete manufacture/build of the VeRail CD600 engines and auxiliary components; the testing and calibration of the engines; build, calibration, and testing of four (4) high-speed generator for use with the locomotive engines; and manufacture of the two (2) diesel sets for incorporation into the VR21C4-df locomotive; and completion of the preliminary emissions testing. The monthly progress report shall document actual accomplishments, cost status, schedule changes, change in approach and aims, and actual or anticipated problems and delays and how they were resolved during the reporting period.
- Report documenting final completion of engine manufacture/build of the VeRail CD600 engines, generators/gen-sets and results of the dynamometer testing.

Task 4 – Locomotive Conversion, Integration, and Delivery

VeRail will convert the core locomotive, a 6-axle EMD SD40 to the VeRail VR21C4-df locomotive. This includes stripping the locomotive to the frame and installing the CNG fuel storage system, all power modules (both near-zero natural gas and Tier 4 diesel), installation of the new electrical system, new air compressor, and air brake system, new traction motor blowers, new body, and all FRA required safety appliances. The locomotive will be painted in a special "near-zero emissions" green paint scheme that will be developed with the Ports and PHL. The locomotive will be delivered to PHL.

Task 4 Deliverables

- Monthly progress report detailing the progress towards final conversion of the core locomotive to the VeRail VR21C4-df locomotive. The monthly progress report shall document actual accomplishments, cost status, schedule changes, change in approach and aims, and actual or anticipated problems and delays and how they were resolved during the reporting period.
- Report documenting completion of Task 4, including photos showing completed installation of fuel storage system, engines, generators, and gen-sets. Report will include information on the procedures to deliver locomotive to PHL.

Task 5 – In-use Performance Demonstration, Emissions Testing, and CARB Certification

This task consists of the performance demonstration of the VeRail VR21C4-df locomotive for at least 3,000 hours in PHL operations as required for CARB emissions verification; emissions testing at a certified facility; and CARB verification.

Task 5 Deliverables

- Monthly progress reports on the progress of the locomotive in-use demonstration in PHL's operations, emissions testing, and CARB verification of the VeRail VR21C4-df locomotive emissions meeting Tier 4+/near-zero emissions standards. The monthly progress report shall document actual accomplishments, cost status, schedule changes, change in approach and aims, and actual or anticipated problems and delays and how they were resolved during the reporting period.
- Final written project report detailing the overall project, including detailed results from the in-use performance demonstration in PHL operations and emissions testing. The report shall also include discussion of the project accomplishments, cost status, schedule changes, unforeseen issues encountered during the project, lessons learned, and recommended next steps.

EXHIBIT B
FUNDING DISBURSEMENT SCHEDULE

Payments shall be disbursed according to the "Milestones" set forth below. Upon completion of each "Milestone" and delivery of the corresponding "Deliverable" set forth below, together with a letter from Recipient certifying completion of the "Milestone", Recipient may request disbursement of grant funds in the indicated "Amount". All Deliverables must include documentation to indicate or prove the successful completion of task(s). All Deliverables are subject to the Ports' review and approval before payment is made. Regardless of the expenses incurred by the Recipient, in no event shall the funds disbursed pursuant to this contract exceed the amount of the grant award, which is \$600,000.

TASK NO.	TASK DESCRIPTION	TAP PAYABLE MILESTONE	DELIVERABLE	ESTIMATED COMPLETION	PAYMENT SCHEDULE	AMOUNT
1.	Contract Engineering	Complete Contract Engineering <i>Complete required analysis to meet Federal Railroad Administration (FRA) requirements for safety, crashworthiness, locomotive ride and stability.</i>	Report indicating completion of analysis in accordance with FRA requirements. This report may be the same as that submitted to FRA.	First Quarter 2017	Within twenty (20) days of Port's receipt of written report from VeRail.	\$50,000
2.	In-Use Locomotive Performance Demonstration and Emissions Test Protocol	In-Use Locomotive Demonstration and Emissions Test Protocol <i>Develop locomotive demonstration and emissions testing protocol to be used towards CARB emissions verification.</i>	Final demonstration and emission test protocol report approved by CARB and concurred upon by SCAQMD and the Ports.	Second Quarter 2017	Within twenty (20) days of Port's receipt of written report from VeRail.	\$50,000
3.	Complete Build of VeRail CD600 Engines, Generators, Gen-Sets and Preliminary Emissions Testing	Complete Build of Locomotive Engine, Generators, Gen-sets and Preliminary Emissions Testing <i>Complete build of locomotive engines and auxiliary components. Test and calibrate engines on dynamometer using FTP procedures for EPA certification to Tier 4 standards and verification to CARB near-zero emissions. Build, calibrate, and test four high-speed generators and two diesel gen-sets.</i>	Report indicating final completion/build of locomotive engine, generators, gen-sets, and results of dynamometer emissions testing.	End of Third Quarter 2017	Within twenty (20) days of Port's receipt of written report from VeRail.	\$200,000

TASK NO.	TASK DESCRIPTION	TAP PAYABLE MILESTONE	DELIVERABLE	ESTIMATED COMPLETION	PAYMENT SCHEDULE	AMOUNT
4.	Locomotive Conversion, Integration and Delivery	Convert Core EMD SD40 Locomotive to VeRail VR21C4-df, Integrate Systems, and Delivery <i>Convert EMD locomotive to the VeRail VR21C4-df. Installation the CNG fuel storage system, power modules (near-zero natural gas and Tier 4 diesel). Deliver locomotive to Pacific Harbor Line.</i>	Report documenting conversion of EMD locomotive to VeRail VR21C4-df, including photos showing the completed installation of engines, generators, and gen-sets. Include information on procedures taken to deliver locomotive to Pacific Harbor Line.	Fourth Quarter 2017	Within twenty (20) days of Port's receipt of written report from VeRail.	\$150,000
5.	In-Use Performance Demonstration, Emissions Testing, and CARB Certification	In-Use Performance Demonstration and Emissions Testing, and CARB Verification <i>On-Port locomotive performance demonstration of at least 3,000 hours in PHL operations as required for CARB emissions verification; emissions testing at a certified facility; and CARB certification to Tier 4+ and near-zero locomotive engine standards.</i>	Final written project report detailing the overall project, including detailed results of the In-use performance of VeRail VR21C4-df locomotive in Pacific Harbor Line operations and emissions testing results.	Fourth Quarter 2018	Within twenty (20) days of Port's receipt of written report from VeRail.	\$150,000
TOTAL						\$600,000

The Deliverable(s) for each Task shall be submitted to
Port of Long Beach
Environmental Planning Division
Attention: Allyson Teramoto
4801 Airport Plaza Drive
Long Beach, California 90815

or

Via email as a PDF document to: allyson.teramoto@polb.com

EXHIBIT C

PORT OF LONG BEACH

VeRail Technologies

INSURANCE

The required insurance and the documents provided as evidence thereof shall be in the name of the Vendor. If policies are written with aggregate limits, the aggregate limit shall be at least twice the occurrence limits or as specified below:

Commercial General Liability:

Commercial General Liability insurance shall be provided on Insurance Services Office (ISO) CGL Form No. CG 00 01 or the equivalent, including provisions for defense of additional insureds and defense costs in addition to limits. Policy limits shall be no less than five million dollars (\$5,000,000) per occurrence for all coverage provided and ten million dollars (\$10,000,000) general aggregate. The policy shall not limit coverage for the additional insured to "ongoing operations" or in any way exclude coverage for products or completed operations. Coverage shall be included on behalf of the insured for claims arising out of the actions of independent subcontractors. The policy shall contain no provisions or endorsements limiting coverage for contractual liability or third party over action claims, and defense costs shall be excess of limits. If the Vendor is using subcontractors the policy must include work performed "by or on behalf" of the Vendor. Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to City or any employee or agent of City. Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured. Coverage shall not exclude contractual liability, restrict coverage to the sole liability of the Vendor or contain any other exclusion contrary to the Contract.

If this coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the Contract with the City and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Contract.

The policy of insurance required above shall be endorsed as follows:

Additional Insured: The City of Long Beach, its Board of Harbor Commissioners, employees and agents shall be added as additional insured with regard to liability and defense of suits or claims arising from the operations and activities performed by or on behalf of the Named Insured using ISO Forms CG 20 10 (2004) and CG 20 37 (2004) or their equivalent. Additional Insured endorsements shall not: 1) be limited to "on-going operations", 2) exclude "Products – Completed Operations or Contractual Liability", 3) restrict coverage to the sole liability of the Vendor, or 4) contain any other exclusion contrary to the Contract.

Cancellation: The policy shall not be cancelled or the coverage reduced by endorsement until a thirty (30) day written notice of cancellation has been served upon the Chief Executive of the Harbor, except ten (10) days shall be allowed for non-payment of premium.

Deductible/Self-Insured Retention

Any deductible or self-insured retention must be approved in writing by the Chief Executive and shall protect the City, its Board of Harbor Commissioners, agents and employees in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention. Any deductible or self-insured retention must be approved in writing in accordance with City insurance guidelines.

Evidence of Insurance

The Vendor, concurrently with the execution of the Contract, and as a condition precedent to the effectiveness thereof, shall deliver either endorsements on forms approved by the City of Long Beach acting by and through the Board of Harbor Commissioners ("Evidence of Insurance") or certified copies of the required policies containing the terms and conditions required by this contract to the Chief Executive for approval as to sufficiency and to the City Attorney for approval as to form.

At least fifteen (15) days prior to the expiration of any such policy, evidence of insurance showing that such insurance has been renewed or extended shall be filed with the Chief Executive. If such coverage is cancelled or reduced, Vendor shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the Chief Executive evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

NOTE: Samples of approved City endorsement forms are included at the rear of this specification book for reference. Forms for execution will be provided with the Contract. Copies of approved endorsement forms can be obtained from the Port website in lieu of, or in addition to the forms provided herein or with the Contract at:

http://www.polb.com/economics/Vendors/forms_permits/insurance.asp

Failure to Maintain Coverage

Vendor agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been approved by the City. The City shall have the right to withhold any payment due Vendor until Vendor has fully complied with the insurance provisions of this Contract. In the event that the Vendor's operations are suspended for failure to maintain required insurance coverage, the Vendor shall not be entitled to an extension of time for completion of the Work or delay damages resulting from the suspension.

Acceptability of Insurers

Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII, and authorized to do business in the State of California or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law. Any other rating must be approved in writing in accordance with the City insurance guidelines.

Contractual Liability

The coverage provided shall apply to the obligations assumed by the Vendor under the indemnity provisions of this Contract but this insurance provision in no way limits the indemnity provisions and the indemnity provisions in no way limit this insurance provision.