

GRANT AGREEMENT

between

The Santa Barbara County Air Pollution Control District

and

Celite Corporation

This Grant Agreement, hereinafter referred to as "Agreement", is made this ____ day of _____ 2005, between the Santa Barbara County Air Pollution Control District, hereinafter referred to as "DISTRICT," and Celite Corporation, hereinafter referred to as "GRANTEE".

RECITALS

WHEREAS, the DISTRICT is a county air pollution control agency with the primary responsibility for preparing and implementing the Clean Air Plan to achieve and maintain state and federal air quality standards in the County of Santa Barbara as mandated by the California Clean Air Act and Federal Clean Air Act;

WHEREAS, Santa Barbara County does not meet state health-based air quality standards for ozone and particulate matter ("PM₁₀");

WHEREAS, oxides of nitrogen ("NO_x") and reactive organic gases ("ROG") are precursors to the formation of ozone, and PM₁₀ from diesel-fueled engines has been classified as a Toxic Air Contaminant, and the generation of NO_x, ROG, and PM₁₀ from internal combustion engines used in on-road and off-road motor vehicles and industrial equipment are a significant contributor to the county's total emissions of these pollutants;

WHEREAS, the DISTRICT has funds provided by the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program), and wishes to utilize a portion of these funds for an off-road diesel engine repower program;

WHEREAS, the DISTRICT is interested in encouraging the demonstration and implementation of low-emissions programs under cooperative agreements with government, industry, and local businesses;

WHEREAS, GRANTEE is willing to participate in an off-road diesel engine repower program to reduce emissions from off-road equipment, and therefore, becomes eligible to receive funds from the DISTRICT for this equipment repower;

WHEREAS, GRANTEE represents it is highly qualified and experienced in its professional field and is able to perform the activities described in the STATEMENT OF GRANT OBLIGATIONS attached to this Agreement as Attachment A;

WHEREAS, the DISTRICT has reviewed and decided to fund GRANTEE's proposal at an amount determined by the District Board of Directors.

NOW, THEREFORE, in consideration of the mutual promises and conditions listed below, it is hereby agreed between the DISTRICT and GRANTEE as follows:

GRANT TERMS AND CONDITIONS

1. Obligations to be Performed Under this Agreement.

Within the time specified in paragraph 2 (Time of Performance), GRANTEE shall perform all of the obligations described in this Agreement and set forth in the STATEMENT OF GRANT OBLIGATIONS, which is attached hereto as Attachment A and incorporated herein by this reference.

GRANTEE agrees to furnish all labor, materials, equipment, required licenses, permits, fees, and other appropriate legal authorization from all applicable federal, state, and local jurisdictions necessary to perform and complete, per schedule, in a professional manner, the obligations described herein.

2. Time of Performance.

This Agreement shall commence on the date first indicated above. GRANTEE shall have the replacement engine (hereinafter "low emissions equipment") as described in Attachment A (Statement Of Grant Obligations), installed within 120 days of the effective date of this Agreement. The time for installation may be extended, in writing, by the Control Officer for good cause. Operation shall commence upon completion of installation and shall continue for at least five (5) years.

3. Grant Funding.

DISTRICT hereby agrees to provide funds to GRANTEE in the amount not to exceed \$123,170 toward the purchase of the low emissions equipment. GRANTEE shall invoice the DISTRICT in accordance with the schedule specified in Attachment B (Grant Invoice Payment Schedule). GRANTEE shall provide DISTRICT any information necessary to verify the accuracy of the invoice. The DISTRICT will pay GRANTEE within thirty days of receipt of GRANTEE's invoice. All invoices or other payment documents must include the assigned DISTRICT contract number. Failure to properly reference this contract number may result in a delay of payment.

4. Matching Funds.

GRANTEE shall provide matching funds, as described in Attachment A (Statement Of Grant Obligations), as a condition of receiving this grant from the DISTRICT. Failure to provide such funds shall, at the discretion of the Control Officer, be grounds for termination of this Agreement. Upon such termination, GRANTEE shall within 14 days of termination,

return any grant funds received from the DISTRICT under this Agreement.

5. Non-Partnership.

This Agreement is not intended by the parties to constitute or create a joint venture, pooling arrangement, or formal business organization of any kind. The rights and obligations of the parties shall be only those expressly set forth herein.

6. Status of GRANTEE.

GRANTEE and GRANTEE's subcontractors shall perform all services under this Agreement as independent contractors and not as employees, officers or agents of DISTRICT or the County of Santa Barbara.

7. Records.

GRANTEE shall keep, and provide to DISTRICT or its agents, upon request, accurate financial records (including invoices and published price lists on which this Agreement was based) necessary to enable DISTRICT to review GRANTEE's performance of this Agreement. These records shall demonstrate the grant funding has been used for the purchase of the low emissions equipment described in the Grant Proposal. GRANTEE shall maintain all such records for at least three years after the termination of this Agreement.

8. Grant Reporting.

GRANTEE shall submit report(s) to the DISTRICT in accordance with the schedule and format specified in Attachment C (Grant Narrative Reports Format).

9. Audit and Review.

DISTRICT or its agents shall have the right to audit and review the records identified in Paragraph 7 (Records), above, maintained by GRANTEE pursuant to the terms of this Agreement to the extent necessary to verify the grant has been used in accordance with the terms of this Agreement. Any such audit and review will be conducted by DISTRICT or County of Santa Barbara auditors or, at GRANTEE's option and expense, by a mutually acceptable third party accounting firm.

10. Indemnification.

GRANTEE shall defend, indemnify and save harmless DISTRICT and the County of Santa Barbara (COUNTY), their officers, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising out of this Agreement or occasioned by the performance or attempted performance of the provisions hereof; including, but not limited to, any act or omission to act on the part of the GRANTEE or his agents or employees or other independent contractors directly responsible to him; except those claims, demands, damages, costs, expenses (including

attorney's fees), judgments or liabilities resulting solely from the negligence or willful misconduct of the DISTRICT.

11. Nondiscrimination Clause.

GRANTEE shall abide by the Unlawful Discrimination Ordinance, Article XIII of Chapter 2 of the Santa Barbara County Code, which is attached hereto as Attachment D (County Of Santa Barbara Unlawful Discrimination Ordinance) and incorporated herein by this reference.

12. Title to Low Emissions Equipment.

Title to, and risk of loss, of the low emissions equipment shall at all times vest in and with GRANTEE. GRANTEE acknowledges that DISTRICT did not supply, design or manufacture the low emissions equipment or any of its components. This low emissions equipment is commercially manufactured and sold by a manufacturer determined by GRANTEE. DISTRICT specifically disclaims all warranties, express and implied, including the implied warranties of merchantability and fitness for the intended purpose, as to the low emissions equipment, any test equipment, or the field tests. In no event shall DISTRICT be liable to GRANTEE or any third party for any direct, indirect, consequential, special, incidental, or punitive damages for the design, manufacture, operation, maintenance, performance, or demonstration of the low emissions equipment under any theory, including but not limited to, tort, contract, breach of warranty, or strict liability.

13. Rights to Emission Reductions.

GRANTEE transfers and conveys to DISTRICT all rights and claim to ownership of the emission reductions achieved through the installation and operation of the low emissions equipment funded by the Agreement. GRANTEE shall not use or attempt to use the emission reductions achieved by the low emissions equipment as emission reduction credits. GRANTEE hereby fully and completely relinquishes such rights for the useful life of the low emissions equipment.

14. Disposal of Replaced Equipment.

GRANTEE shall not use, or allow the use of, the existing equipment being replaced with the new low emissions equipment. In addition, GRANTEE shall not sell, gift, or otherwise transfer ownership of the replaced equipment to another party for operation. Within 30 days of the installation of the new low emission equipment, GRANTEE shall dispose of the replaced equipment in such a manner that it is not reusable. Within 3 days of disposal, GRANTEE shall provide written notice to the DISTRICT stating the equipment's serial number, date of disposal, the location of the engine, and the method by which the engine was rendered unusable. If GRANTEE fails to properly dispose of the replaced engine, GRANTEE shall return the funds provided by the DISTRICT for the new low emissions equipment. GRANTEE may remove and retain ownership of any parts from the replaced equipment, provided that the engine block from the replaced equipment is disposed of as

described herein.

15. Termination.

a) DISTRICT. DISTRICT may, in its sole discretion, terminate this Agreement for convenience by giving thirty (30) days prior written notice to GRANTEE. GRANTEE shall not incur any unnecessary expenses or costs which are reimbursable under this Agreement during this period except those absolutely necessary to close out all activities related to the Agreement. Any other charges incurred by GRANTEE during this period will not be compensated by DISTRICT unless approved in writing by the Control Officer.

The DISTRICT may also terminate this Agreement for cause should GRANTEE default in the performance of this Agreement or materially breach any of its provisions. Such termination shall be by written notice and shall be effective upon receipt by GRANTEE.

b) GRANTEE. GRANTEE may terminate its obligation to operate the low emissions equipment funded under this Agreement for good cause provided that, if requested by the Control Officer, GRANTEE shall reimburse the DISTRICT for the Grant funding specified in Paragraph 3 (Grant Funding), as follows:

<u>Termination Date</u>	<u>Reimbursement Due to District</u>
Prior to Operation	100 percent of Grant Funding
Year 1 of Operation	100 percent of Grant Funding
Year 2 of Operation	80 percent of Grant Funding
Year 3 of Operation	60 percent of Grant Funding
Year 4 of Operation	40 percent of Grant Funding
Year 5 of Operation	20 percent of Grant Funding
After year 5 of Operation	0 percent of Grant Funding

The year of the operation shall be determined in reference to Paragraph 2 (Time of Performance). GRANTEE'S notice of termination shall be in writing and shall be effective upon completion of the terms of this paragraph. Such notice shall terminate GRANTEE's obligation under Paragraphs 1 (Obligations to be Performed Under this Agreement) and 2 (Time of Performance) of this Agreement.

16. Conflict of Interest.

GRANTEE understands and acknowledges that the funds awarded under this Grant Agreement may only be awarded to GRANTEE in compliance with the requirements of the California Political Reform Act ("PRA"), California Government Code Section 87100 *et seq.* GRANTEE understands and acknowledges that the PRA prohibits any public official from participating in any governmental decision in which the public official knows he or she has a financial interest.

For the purposes of this provision, a "public official" is any person employed in the Innovative Technology Program at DISTRICT or any other public official of the DISTRICT

or County of Santa Barbara who participated in the negotiation or making of this Agreement.

For the purposes of this provision, "GRANTEE" includes GRANTEE and GRANTEE's subcontractors and employees, business associates and business partners (including all personnel named in GRANTEE'S Proposal) who will receive a financial benefit from this Grant Agreement.

GRANTEE represents and warrants that a "conflict of interest" did not exist during the process that led to the award of this Grant Agreement. A conflict of interest exists if any of the following are true:

- a) GRANTEE is a business entity in which a public official has a direct or indirect investment worth one thousand dollars (\$2,000) or more;
- b) GRANTEE has been a source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$500) or more in value provided to, received by, or promised to a public official within 12 months prior to GRANTEE's submission of an application to the DISTRICT for this Grant award.
- c) GRANTEE is a business entity in which a public official is a director, officer, partner, trustee, employee, or holds any position of management;
- d) GRANTEE has been a donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating three hundred twenty dollars (\$340) or more in value provided or promised to a public official within 12 months prior to GRANTEE's submission of an application to the DISTRICT for this Grant award.

GRANTEE shall disclose any conflict of interest to DISTRICT in writing prior to execution of this Agreement. DISTRICT may, in its sole discretion, decline to award or may terminate the grant to GRANTEE if a conflict of interest existed prior to the full execution of this Agreement. Failure of GRANTEE to comply with this provision shall be a material breach of this Agreement and shall, at DISTRICT's discretion, result in a total forfeiture of all Grant funds received under this Grant Agreement. GRANTEE shall also be liable to DISTRICT for treble damages of the amount of the Grant and DISTRICT's reasonable attorney's fees in any litigation necessary to enforce this provision.

17. Taxes.

GRANTEE shall be responsible for payment of all taxes due as a result of the Agreement. GRANTEE's Federal Tax Identification Number is 77-0284326.

18. Public Education.

GRANTEE, upon request of DISTRICT, will participate in and assist with a one day public education and demonstration concerning the GRANTEE's project. GRANTEE will

allow reasonable access by DISTRICT and the public to project facilities and equipment during this demonstration.

19. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to DISTRICT is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

20. Publication.

DISTRICT shall have the right of prior written approval of any document which shall be disseminated to the public by GRANTEE in which GRANTEE utilized information obtained from DISTRICT in connection with performance under this Grant Agreement.

Information, data, documents, or reports developed by GRANTEE for DISTRICT, pursuant to the Grant Agreement, shall be part of DISTRICT's public record. GRANTEE may use or publish, at its own expense, such information provided to DISTRICT. The following acknowledgment of support and disclaimer must appear in each document disseminated, whether copyrighted or not, and based upon the work performed under this Grant Agreement.

"This report was prepared as a result of work sponsored by the Santa Barbara County Air Pollution Control District (SBCAPCD). The opinions, findings, conclusions, and recommendations are those of the author and do not necessarily represent the views of SBCAPCD. SBCAPCD, its officers, employees, contractors, and subcontractors make no warranty, expressed or implied, and assume no legal liability for the information in this report. SBCAPCD has not approved or disapproved this report, nor has SBCAPCD passed upon the accuracy or adequacy of the information contained herein."

GRANTEE shall inform its officers, employees, and subcontractors involved in the performance of this Grant Agreement of the restrictions contained herein and require compliance with the above publication terms.

21. Waivers.

The waiver by either party to this Agreement of any term, covenant, or condition of this Agreement or of any provision, ordinance, or law, shall not be deemed to be a continuing waiver of such term, covenant, condition, or law, or of any subsequent breach or violation of the same, or of any other term, covenant, ordinance of law.

22. Amendment.

This Agreement may only be amended in writing executed by the DISTRICT Board and

GRANTEE or, where authorized by the Board, by the Control Officer and GRANTEE.

23. California Law to Apply.

This Agreement shall be construed under and in accordance with the laws of the State of California. All obligations created under this Agreement are performable in California.

24. Assignment.

This Agreement shall not be assigned by GRANTEE without the prior written consent of the Control Officer. In the event GRANTEE desires to sell, lease, or otherwise transfer the low emissions equipment, GRANTEE shall promptly notify DISTRICT and shall provide the potential buyer or other transferee with a copy of this Agreement. The buyer or other transferee must agree in writing to abide by the terms of this Agreement prior to GRANTEE closing any such sale, lease or other transfer.

25. Grant Agreement Integrated.

This Agreement represents the entire and integrated Agreement between DISTRICT and GRANTEE and supersedes any and all other negotiations, representations, and/or agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof, and no other agreement, statement or promise relating to the subject matter of this Agreement which is not contained herein shall be valid or binding.

26. Conflicts Between Grant Agreement and Incorporated Attachments.

With the exception of the County's Unlawful Discrimination Ordinance, to the extent that any provisions in any of the other attachment(s) which are incorporated into this Agreement by reference, conflict with any provision contained in this Agreement, the provision of this Agreement shall take precedence and govern.

27. Provisions Required by Law Deemed Inserted.

Each and every provision of law and clause required by law to be inserted in this Grant Agreement shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted or is not correctly inserted, then upon application of either party, this Grant Agreement shall forthwith be physically amended to make such insertion or correction.

28. Unusual Circumstances.

The parties shall be excused from performing their respective obligations in the event they are prevented from performing so by reason of circumstances beyond their control, including, but not limited to, strikes and other labor disputes, wars, civil commotion, natural calamity, fire, equipment breakdown or failures. In the event of any delay described above, the time for performance may be extended by mutual agreement for a period equal to the

length of the delay.

29. Point of Contact.

All notices referenced in this Agreement shall be in writing and shall be given by first class mail addressed as follows, or at such other address or to such person that the parties may from time to time designate in writing:

GRANTEE
Celite Corporation
2500 Miguelito Road
Lompoc, California 93436
Attn: Peter Refsnider, Plant Manager

DISTRICT
Santa Barbara County Air Pollution Control District
260 North San Antonio Rd., Suite A
Santa Barbara, California 93110
Attn: Gary Hoffman

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This Grant Agreement between Santa Barbara County Air Pollution Control District and Celite Corporation was executed at _____, California on the day and year first above written.

ATTEST:

TERRY DRESSLER
Clerk of the Board

Santa Barbara County Air Pollution Control
District, State of California

By _____
Deputy

By _____
Chairperson

Celite Corporation

By _____
Plant Manager

APPROVED AS TO INSURANCE FORM:

Date: _____

STEPHEN D. UNDERWOOD
Chief Assistant County Counsel

By _____

APPROVED AS TO FORM:

ROBERT W. GEIS
Auditor Controller

By _____

APPROVED AS TO FORM:

STEPHEN SHANE STARK
County Counsel

By _____

ATTACHMENT A
STATEMENT OF GRANT OBLIGATIONS

PROJECT DESCRIPTION:

GRANTEE proposes to repower an existing off-road heavy-duty bulldozer diesel engine with a new certified low-emission diesel engine as follows:

- 1996 CAT D10N Bulldozer (No. 8176): replace an existing Caterpillar 3412 engine rated at 557 hp with a new CARB-certified Tier 2 Caterpillar 3412 electronic-controlled engine rated at 557 hp at 1800 rpm (EPA # 4CPXL27.0HRK; CARB E.O. #U-R-001-0251).

This diesel engine powers a surface-mining tractor bulldozer for GRANTEE'S mining operations in the Lompoc area. The new low-emission engine GRANTEE purchases under this Agreement shall be manufactured and labeled in the model year 2004/2005 by Caterpillar to meet the CARB off-road diesel engine Tier 2 emission standard. GRANTEE may procure equivalent new low-emissions equipment, subject to prior written District approval, from a vendor of their choice; however, the total funding shall not exceed the amount identified in Paragraph 3 (Grant Funding) of this Agreement.

GRANTEE agrees to operate the new low emissions equipment in routine service exclusively within Santa Barbara County. GRANTEE will maintain and operate the low emissions equipment according to manufacturer's recommendations. GRANTEE will not modify or alter the low emissions equipment in such a manner that would cause an increase in air pollution from the level in which the low emissions equipment was configured from the manufacturer.

GRANTEE agrees to allow the DISTRICT reasonable access to the low emissions equipment for the purposes of verification of compliance with this agreement and for the performance of emissions testing, if warranted. Any emissions testing will be performed at no cost to the GRANTEE.

MATCHING FUNDS:

The matching funds required as a condition of this Agreement are described as follows:

- ❖ GRANTEE shall pay for any residual costs to purchase and install the above specified low emissions Tier 2 engine.
- ❖ GRANTEE shall pay for costs to remove and dispose of the replaced equipment, consistent with Paragraph 14 (Disposal of Replaced Equipment) of this Agreement.

PROJECT SCHEDULE:

GRANTEE shall implement the project consistent with the following schedule:

Task	Months After Effective Date of Grant Agreement													
	1	2	3	4	5 - 15	16	17 - 27	28	29 - 39	40	41 - 51	52	53 - 63	64
Purchase / Install New Engine	█	█	█	█										
Disposal of Replaced Engine		█	█	█										
Engine Operations/Data Collection					█	█	█	█	█	█	█	█	█	█
Reporting to District						█		█		█		█		█

ATTACHMENT B
GRANT INVOICE PAYMENT SCHEDULE

GRANTEE shall invoice the DISTRICT as follows:

- Not-to-exceed \$123,170 (for engine hardware only) upon delivery, installation, and satisfactory operation of the new Caterpillar 3412 low emissions Tier 2 diesel replacement engine as specified in Attachment A (Statement of Grant Obligations).
- Attach a copy of vendors' invoice to GRANTEE for the specified new engine, and include model number and year of purchased engine.

ATTACHMENT C
GRANT NARRATIVE REPORTS FORMAT

GRANTEE shall submit an annual narrative report to the District after each of the first five (5) years of service of the low emissions equipment. The purpose of these reports is to provide the DISTRICT with feedback as to GRANTEE's experience with the low emissions equipment. The reports shall include the following items:

1. Name and address of GRANTEE;
2. Make and model of equipment purchased;
3. Hours and/or fuel use for the low emissions equipment for the most recent 12 months of operation;
4. In the first report only, the estimated percentage change in operating expenses associated with the new low emissions equipment;
5. Discussion of any repairs, problems, or benefits with the equipment.

ATTACHMENT D
COUNTY OF SANTA BARBARA UNLAWFUL DISCRIMINATION ORDINANCE

Sec. 2-95. Prohibition of unlawful discrimination in employment practices. The County of Santa Barbara reserves the right to terminate forthwith each and every written contract and agreement (except purchase orders) for goods and/or services entered into by the County of Santa Barbara or by its joint powers, agencies or agents with the consent of the other parties (hereinafter called "contractor") including but not limited to concessions, franchises, construction agreements, leases, whether now in effect or hereinafter made if the county finds that the contractor is discriminating or has discriminated against any employee or applicant for employment in violation of any applicable state or federal laws, rules or regulations which may now or hereafter specifically prohibit such discrimination on such grounds as race, religion, sex, color, national origin, physical handicap when otherwise qualified, Vietnam era veteran/disabled, or age.

Such finding may only be made after contractor has had a full and fair hearing on notice of thirty (30) days before an impartial hearing officer at which hearing contractor may introduce evidence, produce witnesses and have the opportunity to cross-examine witnesses produced by the county. Further, any finding of discrimination must be fully supported by the facts developed at such hearing and set forth in a written opinion; and in addition, contractor may move in the appropriate court of law for damages and/or to compel specific performance of a contractor or agreement if any the above procedures are not afforded to the contractor. If contractor is not found to have engaged in unlawful discriminatory practices, county shall pay all costs and expense of such hearing, including reasonable attorneys' fees to contractor in accordance with current Santa Barbara County Superior Court schedule of attorneys' fees for civil trials. If contractor is found to have engaged in such unlawful discriminatory employment practices, contractor shall pay all such costs, expenses and attorneys' fees.

Whether or not a contract or agreement is still in existence at the time of final determination of such unlawful discrimination, the contractor shall forthwith reimburse county for all damages directly stemming from such discrimination; however, those damages shall not exceed and are not reimbursable in an amount which exceeds amounts paid contractor under the terms of the contract or agreement.

Nothing in this section 2-95 shall directly or by interpretation give a private cause of action to any third party (not a signatory to the contract or agreement) including employees past or present, or applicants for employment to contractor, it being the sole purpose of this clause to administratively assure compliance with the nondiscrimination clauses contained herein.

Employment practices shall include, but are not limited to employment, promotion, demotion, transfer, recruitment and advertising for recruitment, layoff or other termination, rate of pay, employee benefits and all other forms of compensation selection for training and apprenticeship and probationary periods.

Contractor shall permit access at all reasonable time and places to all of its records of employment, advertising, application forms, tests and all other pertinent employment data and records, to the County of Santa Barbara, its officers, employees and agents for the purpose of investigation to ascertain if any unlawful discrimination as described herein has occurred or is being practiced, provided that such records are relevant to a complaint of an unlawful discriminatory practice which has been forwarded to contractor reasonably prior to the time contractor is asked to make such records available. In addition, all such records shall be deemed "Confidential" by the officers, employees and agent of the county. No records or copies of such records may be removed from the premises of contractor and no disclosure, oral or written of such record, may be made to third parties except as provided within the agreement.

Provided, however, that in the event of a hearing to determine whether or not contractor is engaging in unlawful discrimination in employment practices as defined herein, the board of supervisors of Santa Barbara County may issue subpoenas to require that certified copies of such records be made available to the hearing.

Failure to fully comply with any of the foregoing provisions relating to unlawful discrimination in employment practices shall be deemed to be a material breach of any contract or agreement with the County of Santa Barbara. All persons contracting with or who have contracts for goods or services with the county shall be notified that this chapter applies to their contract or agreement with the County of Santa Barbara. (Ord. No. 2946, SS 1; Ord. No. 2993, SS 1; Ord. No. 3018, SS 1)

Sec. 2-95.5. Exceptions. Notwithstanding any other provisions in this article, any party contracting with the County of Santa Barbara having an affirmative action program which has been approved within thirty-six (36) months from the date of the contract by an agency of the federal government shall be deemed to be in compliance with the provisions of this article upon furnishing documentary evidence of such approval satisfactory to the county affirmative action officer. Loss of such approval shall be immediately reported by such party to the county affirmative action officer.

Sec. 2-96. Purchase orders. Purchase orders shall contain the following clause as grounds for termination of such purchase order.

"If complaint is made that seller is engaging in discriminatory employment practices made unlawful by applicable state and federal laws, rules or regulations, and the State Fair Employment Practice Commission or the Federal Equal Employment Opportunities Commission determines that such unlawful discrimination exists, then the County of Santa Barbara may forthwith terminate this order." (Ord. No. 2946, § 1)

Sec. 2-97. Affirmative action officer. At the discretion of the county affirmative action officer, he or she shall promptly and thoroughly investigate, or cause to be investigated reports and complaints from whatever source, that any party contracting with the County of Santa Barbara is engaging, or during the term of a contract or agreement with the County of Santa Barbara has engaged, in any unlawful discriminatory employment practices as described in Section 2-95 of this Code. If the investigation discloses reason to believe such unlawful discrimination does exist or has existed and the conditions giving rise thereto have not been changed so as to prevent further such unlawful discrimination, and the said party shall not forthwith terminate such unlawful discrimination, take all appropriate steps to prevent a recurrence of such or other unlawful practices, and compensate the person or persons unlawfully discriminated against for any and all loss incurred by reason of such unlawful discrimination, all to the satisfaction of the affirmative action officer, then the affirmative action officer shall cause the matter to be presented for action to the State Fair Employment Practices Commission or the Federal Equal Employment Opportunities Commission, or both, and to any other concerned state or federal agencies or officers.

If and when it has been finally determined by the affirmative action officer, county counsel, or state or federal regulatory agencies that such unlawful discriminatory employment practice has in fact so occurred or are being carried on, then the affirmative action officer shall forthwith present the entire matter to the board of supervisors of the county, together with all damages, costs and expense related thereto and incurred by county, for appropriate action by the board of supervisors in accord with the intent and purposes of this article and of the affirmative action program of the County of Santa Barbara (Ord. No. 2946, § 1).