

**AGREEMENT BETWEEN THE VANCOUVER PORT AUTHORITY
AND THE PUGET SOUND CLEAN AIR AGENCY
FOR FUNDING THE HOLLAND AMERICA LINE SEAWATER SCRUBBER
DEMONSTRATION PROJECT**

This Agreement is entered into between the **Puget Sound Clean Air Agency**, a municipal corporation of the laws of the State of Washington, United States, (the "Agency") and the **Vancouver Port Authority** 999 Canada Place, Vancouver BC V6C 3T4 Canada. ("VPA")

I. RECITALS

WHEREAS, it is in the interest of VPA, the Agency and the other Holland America Line (HAL) Seawater Scrubber Demonstration Project (the "Project") participants, (including Port of Seattle, Environment Canada, Holland America Line, British Petroleum and Caterpillar Corporation (the "Participants")) to reduce air quality impacts associated with diesel powered oceangoing ships; and

WHEREAS, the Puget Sound Clean Air Agency has established the Diesel Solutions program to promote and facilitate the retrofit of existing diesel vehicles and equipment used in public and private fleets with emission control equipment; and

WHEREAS, the Agency has allocated \$100,000 from its state clean diesel grant to support the Project; and

WHEREAS, The U.S. Environmental Protection Agency has provided a \$300,000 West Coast Diesel Emission Reduction Collaborative grant to the Agency to help fund the Project; and

WHEREAS, VPA has agreed to contribute a maximum amount of US\$50,000 to the Project ; and

WHEREAS, the Agency will be contracting with HAL to conduct the Project and will serve as the fiscal manager of the funds from the Participants.

II. AGREEMENT

NOW, THEREFORE, VPA and the Agency agree as follows:

- A. PURPOSE.** The purpose of this Agreement is:
- a. limit the scope of the Project to that contained in Attachment 1.
 - b. to establish procedures for the Agency to receive VPA's contribution to the Project; and
 - c. to agree on the participation and contribution by VPA to the Project.

B. TERM. This Agreement shall commence upon signature by the parties and shall terminate December 31, 2008.

C. PROJECT TECHNICAL ADVISORY COMMITTEE. As a funding Participant in the Project, VPA will be invited to participate on the Project technical committee co-chaired by HAL and the Agency. Members of the committee will receive all Project status reports and be asked to comment on all interim and on the final draft reports. Each Participant will have equal opportunity in the decision making process, regardless of the size of the financial contribution of a Participant.

D. BILLING. The Agency will prior to December 31, 2006, invoice VPA for VPA's full contribution to the Project. VPA's contribution is subject to the following conditions:

1. The maximum amount contributed by VPA to the Project is US\$50,000.
2. If the seawater scrubber system is not installed, operated and tested as described in Attachment 1, the full financial contribution made by VPA will be refunded to VPA, immediately upon request therefore.
3. VPA's unrestricted participation in the Project.

E. HOLD HARMLESS/INDEMNIFICATION. To the extent legally permitted, each party shall indemnify and hold harmless the other party from and against any and all claims, actions, damages, liability, and expense, including, without limitation, reasonable attorney's fees, incurred as a result of such party's actions relating to this Agreement..

F. NO PARTNERSHIP. Nothing contained in this Agreement shall be construed as creating a partnership between the parties or the other participants of the Project. VPA is purely funding a portion of the Project costs to share in the interim and final Project results. Any participation by VPA in the Project steering committee is in kind support to the Project and such participation will not create any legal obligation on VPA. The Agency covenants and agrees that it has no authority to give any guarantee or warranty whatsoever, express or implied, on behalf of VPA and it is in no way a partner, legal representative or agent of VPA and that it has no right or authority to create any obligation on behalf of VPA or to bind VPA in any way. The Agency specifically covenants and agrees that it will not represent to any third party that it has the capacity, authority or ability to represent or bind VPA.

G. NOTICES. All notices hereunder may be delivered or mailed. If mailed, they shall be sent to the following respective addresses:

To the Vancouver Port Authority
Darrell Desjardin
Director, Environmental Programs Department
Vancouver Port Authority
100 The Pointe
999 Canada Place
Vancouver BC V6C 3T4 Canada

To the Puget Sound Clean Air Agency:
David Kircher
110 Union Street, Suite 500
Seattle, WA 98101

Or to such other respective addresses as either party hereto may hereafter designate in writing.

III. GENERAL PROVISIONS

A. APPLICABLE LAW. This Agreement shall be governed by the laws of the Province of British Columbia, Canada.

B. AMENDMENTS/MODIFICATIONS. This Agreement may be amended or modified only by written agreement of the parties.

C. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties hereto and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect.

D. RECITALS. Definitions contained in the Recitals form part of this Agreement for interpretation purposes.

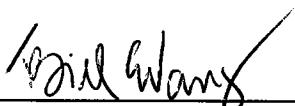
E. TIME OF THE ESSENCE. Time is of the essence in this Agreement.

F. ATTACHMENTS. All Attachments and Schedules to this Agreement form part of this Agreement.

G. COUNTERPARTS. Delivery of an executed copy of of this Agreement by facsimile transmission shall be as effective as delivery of a manually executed copy of this Agreement, and the parties hereto undertakes to provide each other with a copy of this Agreement bearing original signatures, forthwith upon demand.


IN WITNESS HEREOF, the undersigned have, on the date set next to their signatures, executed this Agreement on behalf of the parties hereto.

**PUGET SOUND
CLEAN AIR AGENCY**

By: 
Bill Evans
Board of Directors, Chair

Date: 1/4/07

**VANCOUVER PORT
AUTHORITY**

By: 
Jim Cox
Vice-President, Infrastructure and
Development


Date: December 22, 2006

Attest:

By: 
Dennis J. McLerran
Executive Director

Date: 1/3/07

Approved as to form:

By: 
Laurie Halvorson
General Counsel

Date: 1/3/07