

**AGREEMENT BETWEEN THE PORT OF SEATTLE
AND THE PUGET SOUND CLEAN AIR AGENCY
FOR PARTICIPATION RELATED TO 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, hereinafter referred to as the "Agency" and the **Port of Seattle** (hereinafter referred to as the "POS") Pier 69, 2711 Alaska Way, PO Box 1209, Seattle WA 98111-1209.

WITNESSETH

WHEREAS, it is in the interest of POS, the Agency and the other Holland America Line (HAL) Seawater Scrubber Demonstration Project ("Project") partners (Port Metro Vancouver, (BC), Environment Canada, Holland America Line, B.C. Ministry of Environment and the Canadian Petroleum Products Research Institute) to reduce air quality impacts associated with diesel powered oceangoing ships; and

WHEREAS, the 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 POS is committed to responsible environmental stewardship in developing and operating seaport facilities which includes seeking opportunities to improve air and water quality; and

WHEREAS, the POS has budgeted \$50,000 to contribute to the Project; and

WHEREAS, the Agency has contracted with HAL to conduct the Project and will serve as the fiscal manager of the funds from the partners; and

WHEREAS, the Agency and POS entered into an agreement for the Project under Contract No. 200700007, and this contract expired on December 31, 2008; and

WHEREAS, the Board of Directors of the Agency deems it desirable to enter into a new agreement with POS to continue the Project; and

WHEREAS, the Port remitted \$50,000 to the Agency on December 12, 2007 in full payment of the amount committed to the Project under Contract No. 200700007; and

WHEREAS, the Agency and Holland America Line Inc. entered into an agreement for the Project under Contract No. 2006000075 and this contract expired on December 31, 2008; and

WHEREAS, the Agency and Holland America Line Inc. entered into a new agreement for this project under Contract No. 2009000019, which extended the project term to December 31, 2009; and

NOW, THEREFORE, the POS and the Agency agree as follows;

1. **PURPOSE.** The purpose of this Agreement is to continue the POS's involvement as a partner in the Project and ensure the Port benefits from the demonstration of the technical feasibility of seawater scrubbing technology to reduce sulfur oxides and particulate matter emissions from a large, oceangoing cruise ship.

Attachment 1 is included for informational purposes and to provide details regarding the Project and how funding provided by the POS under this Agreement shall be used. The POS is not party to Attachment 1 and is not bound by any provisions contained in Attachment 1. The POS expects the Agency to fulfill the obligations contained in Attachment 1, except that all the timelines referenced in Attachment 1 are extended by one calendar year.

Contract No. 2009000019 describes the amount and use of funds contributed by each partner to the project. A copy of Contract No. 2009000019 is attached as Attachment 2.

2. **TERM.** This Agreement shall terminate December 31, 2009.

3. **PROJECT TECHNICAL ADVISORY COMMITTEE.** As a funding partner in the Project, the POS 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 partner will have equal opportunity in the decision making process, regardless of the size of the financial contribution of a partner.

4. **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 under this agreement; provided that, if such claims, actions, damages, liability, or expense arise from concurrent negligence of two or more of the parties, including instances where this agreement is subject to the provisions of RCW 4.24.115, then the obligation to indemnify under this Agreement shall be effective only to the extent of each party's own negligence. No party shall be required under this section to indemnify another for its sole negligence.

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

To the Port of Seattle:

The Port of Seattle Project Manager is:

Sarah Flagg
Air Quality Program Manager
Seaport Environmental Programs
Port of Seattle, Pier 69
2711 Alaska Way
P.O. Box 1209
Seattle WA 98111-1209

E-Mail: flag.s@portseattle.org

To the Puget Sound Clean Air Agency:

The Puget Sound Clean Air Agency Project Manager is:

David Kircher
Air Resources Manager
Puget Sound Clean Air Agency
1904 Third Avenue, Suite 105
Seattle, WA 98101

E-Mail: DaveK@pscleanair.org

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

6. **GENERAL PROVISIONS**

A. APPLICABLE LAW. This Agreement shall be governed by the laws of the State of Washington.

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.

IN WITNESS HEREOF, the Agency and POS have executed this Agreement.

By: Paul Roberts
Paul Roberts
Board of Directors, Chair
Date: 5-5-09

By: Tay Yoshitani
Tay Yoshitani
Chief Executive Officer
Date: 4/16/09

Attest:

By: Dennis J. McLerran
Dennis J. McLerran
Executive Director
Date: 4/29/09

Approved as to Form:

By: Laurie Halvorson
Laurie Halvorson
General Counsel
Date: 4/28/09



Puget Sound Clean Air Agency
1904 3rd Ave., Ste 105
Seattle, WA 98101

Certification Regarding Debarment, Suspension and Other Responsibility Matters

The prospective participant certifies to the best of its knowledge and belief that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
- (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 USC Sec. 1001, a false statement may result in a fine of up to \$10,000 or imprisonment for up to 5 years, or both.

Chief Executive Officer

Typed Name & Title of Authorized Representative

[Handwritten Signature]

Signature of Authorized Representative

2/11/09

Date

I am unable to certify to the above statements. My explanation is attached

Holland America Cruise Vessel Seawater Scrubber Feasibility and Demonstration Project



**Collaborative Diesel Emissions Reductions 2006
In response to funding opportunity
EPA-R10-WCC-2006**

Grant XA96041901

Submitted by

**Puget Sound Clean Air Agency
Seattle, Washington**

November 2006

2. Proposal

Summary: HAL and its partners, PSCAA, BP, CAT, and EC propose to investigate feasibility, design, install, and demonstrate advanced seawater scrubbing technology on HAL's Vessel ms Zaandam.

Holland America Line Vessel ms Zaandam

Passengers.....	1,500
Crew.....	600
Length Overall.....	237.9 meters
Breadth Overall.....	32.25 meters
Top Mast above Keel.....	56.00 meters
Maximum Draft.....	8.12 meters
New Building Hull Number.....	6035 Fincantieri
Ships Registry.....	Rotterdam, the Netherlands
Classification.....	Lloyds
Gross Tonnage.....	60,906 MT
Displacement.....	33,310 MT
Dead Weight.....	6,349 MT
Engine:.....	Sulzer ZA40S by Wartsila
Bore.....	400mm
Stroke.....	560mm
Cylinders.....	12
Nominal power.....	720 kW per cylinder
Nominal speed.....	514 rpm
Output under normal operating conditions.....	7 MW

The partners have considered the following flue gas desulphurization technologies that are suitable for diesel engines and have selected Option ③:

Option ① Alkali scrubbers were adapted to reduce SO_x emissions from stationary diesel engines in the mid-1990s. This method of FGD has low investment but is generally only suitable for small power plants.

Option ② Semi-dry FGD systems using quicklime or calcium carbonate scrubbers producing gypsum as the end product. This is only suitable for large shore-based diesel power plants due to the volume of sorbent used and gypsum produced.

Option ③ Seawater scrubber. A multi-pollutant emission control for diesel power plants to remove SO_x, NO_x, and PM.

The scrubber system will have three principal components:

- micro-emulsion heavy fuel oil (HFO) fuel pretreatment (currently in use on HAL Ships),
- contact chamber (scrubber), and
- hydro-cyclone treatment of effluent, 2-stage.

PM control starts with pretreatment of the HFO in a micro-emulsion unit and ends with effluent treatment in a hydro-cyclone. Particulate matter can be offloaded as is done with incinerator ash, or dewatered and incinerated. The heavy metal content of the PM is dependant on the metals in the fuel being burned: chromium, vanadium, etc. The hydrocarbons range from C₈ to C₃₆ at 100 to 150 parts per million (very preliminary). Pretreatment of HFO for combustion in the ZA40S is essential to the efficient operation of the scrubber over time.

When SO_x comes into contact with seawater, there is a fast and efficient chemical reaction between the SO_x and calcium carbonate (CaCO₃) in the seawater, to form calcium sulfate (CaSO₄) (gypsum) and CO₂. The reaction neutralizes the acidity of SO_x and consumes a small amount of the buffering capacity of the seawater. The reaction is complete in a very short time,

d. Stakeholder Involvement/Impacts: To achieve success, we believe it is essential for this project to include a range of participants, both public and private. HAL vessels dock in ports from Mexico to Alaska and interact with many different local and national governments. Involvement by these jurisdictions (Mexico, Canada, British Columbia, Washington, California, Alaska, and Hawaii) will help educate all parties and aid in determining if scrubbers are a viable option on the west coast. We also intend to involve potential equipment suppliers and installation contractors to draw on their experience and develop a pool of talent for future retrofits. Fuel suppliers also have a significant role to play. HAL has met with BP to discuss the projects they have underway in Europe. The primary partners, HAL, EPA, PSCAA, CAT, BP, and EC, will be managing and guiding the project.

e. Project Benefits/Outputs: The estimated annual emissions reductions from the one engine on the vessel to be retrofitted are: 23 MT of PM, 36 MT of NO_x, and 188 MT of SO_x [reference: Marine Vessel Air Emissions in B.C. and Washington State Outside the GVRD and FVRD for the Year 2000; Table 2-4: Emission Factors for Underway Ocean-going Vessels, prepared by Levelton Engineering Ltd.; File: 401-0989, July 16, 2002]. The emission factors required for Category 3 vessels could not be derived from the suggested resources so emission factors from this document were used instead. Phase I baseline emissions measurements and engineering, along with the Phase II testing and results, will enable the calculation of more accurate cost-effectiveness data for this technology. This information will be provided in the final Phase II report on the project.

f. Project Tasks/Schedule:

Phase I: Scope of Preliminary Feasibility Study (to be contracted to one or more engineering consulting organizations). (Complete by November 1, 2006.)

Output I: Research utilization of emulsified fuel to reduce particulate and nitrous oxides emissions from ZA40S engine.

Output II: Preliminary engineering calculations and process diagrams for: ① a wet seawater scrubber to remove sulfur oxides and particulate matter, and ② fuel additives or a fuel oil emulsifier system for particulate, opacity, and nitrous oxides reductions. This information will be provided for the following load conditions:

1. Engine at full load,
2. Engine at 40% load, and
3. Engine cold starts.

Conduct an internal failure analysis to determine the potential detrimental effects to normal ship operation. Develop alternative design requirements or operational procedures to provide the maximum availability and use of power plant equipment for both wet and dry operation.

1. Prepare a life-cycle cost analysis.
2. Describe the technology chosen for the HAL ship retrofit.
3. Develop process flow sheets for each operating condition.
4. Prepare budget indicating capital requirements and operating costs.

Output III: Design of wastewater treatment system using inputs from Phases I and II.

1. Review data from phase I.
2. Develop process flow sheets for each operating condition.
3. Prepare budget indicating capital requirements and operating costs.
4. Revise overall project budget based on final design.

HAL Group	\$450,000
PSCAA.....	\$100,000
BC Ministry of Environment and Canadian Petroleum Products Institute.....	\$ 38,000
HAL administrative costs, Phase II	\$ 75,000
TOTAL PHASE II	\$1,013,000
Total Project estimated cost:.....	\$1,338,000

h. Past Performance:

The Puget Sound Clean Air Agency has been the recipient of several, recent EPA grant awards. The Agency has accounting procedures in place that are compliant with federal auditing and reporting requirements, including on-time submittal of required, quarterly progress reports. During the past three years, the Puget Sound Clean Air Agency has received the following federal grants:

<u>Grantor Agency</u>	<u>Program Name</u>	<u>Federal CFDA #</u>	<u>Current Year Expenditures</u>
U.S. EPA	Clean Diesel School Bus	66.606	\$ 88,977
U.S. EPA	Air Quality Forecasting & Special Air Quality Studies	66.034	\$ 45,642
U.S. EPA	Biowatch-Homeland Security	66.500	\$ 252,931
U.S. EPA	Western Washington Clean Buses, Healthy Kids	66.034	\$ 172,342
	Total FY 2005		\$ 559,892
U.S. EPA	Clean Diesel School Bus	66.606	\$ 157,380
U.S. EPA	Air Quality Forecasting & Special Air Quality Studies	66.034	\$ 27,842
U.S. EPA	Biowatch-Homeland Security	66.500	\$ 147,601
U.S. EPA	Collaborative Process for Puget Sound Air Quality Management & Energy Efficiency	66.034	\$ 30,000
	Total FY 2004		\$ 362,823
U.S. EPA	Clean Diesel School Bus	66.606	\$ 35,455
U.S. EPA	Air Quality Forecasting & Special Air Quality Studies	66.034	\$ 5,685
U.S. EPA	Biowatch-Homeland Security	66.500	\$ 18,100
	Total FY 2003		\$ 59,240
	3-Year Total		\$ 981,955

Progress and results under these agreements were achieved according to established goals and timelines.

i. Programmatic Capability:

The Puget Sound Clean Air Agency has successfully completed or is continuing work on the three projects listed below. These projects are similar in size, scope, and relevance to the proposed project.

<u>Grantor Agency</u>	<u>Program Name</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
U.S. EPA	Clean Diesel School Bus	66.606	\$ 281,812
U.S. EPA	Biowatch-Homeland Security	66.500	\$ 418,632
U.S. EPA	Western Washington Clean Buses, Healthy Kids	66.034	\$ 172,342

For these three projects, the Agency is meeting, or has met, all technical and reporting requirements including submission of periodic and final technical reports. As a frequent

CONTRACT FOR SERVICES

This Agreement is entered into between the **Puget Sound Clean Air Agency**, (hereinafter referred to as the "Agency"), a municipal corporation of the laws of the State of Washington, and **Holland America Line Inc.**, (hereinafter referred to as "HAL") a Washington corporation, 300 Elliott Ave. West, Seattle, WA 98119.

WITNESSETH

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 United States Environmental Protection Agency Regions 9 and 10 have formed the West Coast Diesel Emission Reduction Collaborative to promote and to help fund clean diesel engines on the west coast of the United States; and

WHEREAS, the United States Environmental Protection Agency has provided the Agency with a grant from the West Coast Diesel Emission Reduction Collaborative and through this Agreement, such funds will be provided to HAL as a sub-recipient of federal grant funds; and

WHEREAS, HAL acts as the agent for various affiliates that operate and maintain a fleet of diesel-electric cruise ships; and

WHEREAS, HAL has proposed an innovative project to reduce the emissions from one of those cruise vessels; and

WHEREAS, it is in the interest of HAL, the Agency and the Agency's funding partners (as identified in Section 3, below) to reduce air quality impacts associated with marine vessel operations; and

WHEREAS, the Agency has discretionary grant money available from the Statewide Pollution Abatement Program which may be applied to non-school bus air pollution reduction projects; and

WHEREAS, the Agency's partners have agreed to share in the cost of this project; and

Task 2: HAL shall procure the scrubber/washwater treatment system from a qualified vendor.

Task 3: HAL shall install the scrubber/washwater treatment system on the ms Zaandam.

Task 4: HAL shall conduct operational testing of the scrubber and washwater system, including quantification of air emissions and wash water quality.

Task 5: HAL will prepare and submit the following periodic reports to the Project Manager:

- (a) Beginning with the quarter ending September 30, 2007, HAL shall submit quarterly progress reports within ten (10) days following the end of each quarter through the end of the term.
- (b) On or before March 28, 2009, HAL shall submit a second interim project progress report summarizing the results of any testing on the scrubber/washwater treatment system conducted after December 31, 2007.
- (c) On or before November 30, 2009, HAL will submit a draft final project report summarizing the results of Tasks 1, 2, 3, and 4. The Project Manager will provide comments to HAL on the draft report by December 15, 2009. HAL will submit the final project report to the Project Manager by December 31, 2009.

The Agency Project Manager is:

David S. Kircher
Air Resources Manager
Puget Sound Clean Air Agency
1904 3rd Ave Suite 105
Seattle WA 98101
(206) 689-4050
DaveK@pscleanair.org

2. Performance Evaluation Criteria

One measure of HAL's performance is the ability to both provide and respond to feedback regarding HAL's and the Agency's performance of this Agreement.

HAL understands that Agency staff members have been encouraged to communicate any concerns about the performance of HAL directly and respectfully to both HAL and the Project Manager. Similarly, if HAL has a concern about an interaction with an Agency staff member,

Stage Payment 3, not to exceed \$150,000.00, upon delivery of major components to HAL.

Payment toward the costs associated with seawater scrubber upgrades, not to exceed \$8,458.00, upon invoicing by HAL.

Final Payment, not to exceed \$273,000.00, upon completion of commissioning of the seawater scrubber system and inspection by the Agency's Project Manager.

Invoices submitted by HAL should show costs incurred by HAL and its subcontractor KRYSTALLON LIMITED separately. Charges should be shown by progress on each milestone completed for the billing period, and accumulated totals for the project to date. Also, a copy of any invoices received from the subcontractor KRYSTALLON LIMITED should be included with each invoice submitted by HAL to the Agency.

The Agency shall pay correct invoices within thirty (30) days of Agency's receipt thereof. The final invoice must be submitted no later than ten (10) working days after the termination date.

The termination date of this Agreement is December 31, 2009.

4. Additional Requirements

In addition to the services and tasks to be performed by HAL under other sections of this Agreement, HAL shall comply with the requirements listed in this section based on the Grant Agreement from the U.S. Environmental Protection Agency, dated August 3, 2006, and applicable federal requirements. HAL submitted the completed and signed forms to the Agency within sixty (60) days of signing Contract No. 2006000075. The forms included the total project costs including cost share portion provided by HAL. See Contract No. 2006000075, Attachments A (i) Budget Narrative and Justification, (ii) Budget Information-Non-Construction Program (SF424A), (iii) Assurances-Non-Construction Programs (SF424B), (iv) Certification Regarding Lobbying, (v) Preaward Compliance Review Report (4700-4), (vi) Procurement System Certification (5700-48). In addition, if HAL enters into any subcontracts in accordance with Section 11 of this Agreement, HAL shall ensure that any such subcontracts comply with the requirements listed in this section and shall include the requirements listed in this section in any subcontracts. For the avoidance of doubt, Agency understands and agrees that HAL is providing the services under this Agreement and that the obligations pursuant to subsections A, B, F, G, H and I of this Section 4 shall apply solely to HAL and not to its affiliates.

A. Site visits. During the installation and testing processes contemplated pursuant to Tasks 3 and 4 in Section 1, above, authorized representatives of the U.S. Environmental Protection Agency and Agency shall have the right to make site visits to the ms Zaandam at

J. **Rights to Inventions Made Under An Agreement.** To the extent this Agreement involves the performance of experimental, developmental, or research work, the federal government and the Agency have the rights in any resulting invention in accordance with 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements", and any implementing regulations issued by the U.S. Environmental Protection Agency.

5. **Changes.** The Agency or HAL may, from time to time, request changes in the scope of services performed under this Agreement, in which event the parties shall mutually agree to such changes by written amendment to the Agreement.

6. **Termination.** In the event of a breach of this Agreement at any time during its term, the non-breaching party shall have the right to terminate by giving a thirty day (30) written notice to the other party of such termination and by specifying the effective date of the termination; provided, that the termination shall be preceded by a face-to-face meeting between HAL and the Agency and an opportunity for the breaching party to cure.

In the event of termination of the Agreement pursuant to this Section 6, the Agency shall pay to HAL the amount agreed upon by HAL and the Agency for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services which are accepted by the Agency, and (iv) the protection and preservation of property. In the event of termination by Agency for the default of HAL, the Agency may withhold from any amounts due HAL such sums as the Agency reasonably determines to be necessary to protect the Agency against potential loss or liability.

7. **Agency Access to Data.** HAL shall provide the Agency, at no additional charge, and at reasonable times and locations, access to all data in HAL's possession or control that is generated under this Agreement. "Data" includes all information that supports the findings, conclusions and recommendations of HAL's reports, including computer models and the methodology for those models.

8. **Copyright Provisions.** Unless otherwise provided, all materials produced under this Agreement by HAL shall be owned by HAL or one of its affiliates excluding, for these purposes, the intellectual property rights of persons or entities providing goods or services to HAL (e.g. the developer of the wet seawater scrubber).

Materials means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register and the ability to transfer these rights.

13. **Licensing, Accreditation, and Registration.** HAL shall comply with all applicable local, state, and federal licensing, accreditation, and registration requirements/standards, necessary for the performance of its obligations under this contract.

14. **Industrial Insurance Coverage.** HAL shall provide or purchase appropriate insurance coverage prior to performing work under this contract and shall maintain full compliance with Chapter 51.12 RCW during the term of this contract. If HAL is exempt from the requirements of Chapter 51.12 RCW, HAL will carry appropriate liability insurance equivalent to the coverage provided under that chapter. The Agency will not be responsible for the payment of industrial or liability insurance premiums or for any other claim or benefit for HAL, or any subcontractor or employee of HAL, which might arise under the industrial insurance laws during the performance of duties and services under this contract. If the Department of Labor and Industries, upon audit, determines that industrial insurance payments are due and owing as a result of work performed under this contract, those payments shall be made by HAL; HAL shall indemnify the Agency and guarantee payment of such amounts.

15. **Limitation of Authority.** Only the Agency's Project Manager shall have the express, implied or apparent authority on behalf of Agency to alter, amend, modify or waive any clause or condition of this contract except for clauses or conditions required by law. Furthermore, any alteration, amendment, modification or waiver of any clause or condition of the contract is not effective or binding on the Agency unless made in writing and signed by the Agency's Project Manager. Only HAL's Senior Vice President, Fleet Operations or his designee shall have the express, implied or apparent authority on behalf of HAL to alter, amend, modify or waive any clause or condition of this contract except for clauses or conditions required by law. Furthermore, any alteration, amendment, modification or waiver of any clause or condition of the contract is not effective or binding on HAL unless made in writing and signed by HAL's Senior Vice President, Fleet Operations.

16. **Governing Law.** This contract shall be governed by the laws of the state of Washington. HAL, by execution of the contract, acknowledges the jurisdiction of the courts of the state of Washington in this matter.

17. **Severability.** The provisions of this contract are severable. If any provision is illegal or invalid for any reason whatsoever, that illegality or invalidity shall not affect the validity of the rest of the contract.

18. **Nondiscrimination.** In the performance of this contract, HAL shall comply with all federal and state nondiscrimination laws, regulations and policies.

19. **Noncompliance with Nondiscrimination Laws.** In the event of HAL's noncompliance or refusal to comply with any nondiscrimination law, regulation, or policy, this contract may be rescinded, canceled or terminated in whole or in part, and HAL may be

Contract No. 2009000019

By: _____
Laurie Halvorson
General Counsel

Date: _____

Form No. 61-132 (2/09) cyp