



Pacific Cruises Northwest, Inc. – 355 Harris Avenue, Suite 104 – Bellingham, WA 98225
360.738.8099 – 800.443.4552 – Fax 360.738.7685

Pacific Cruises Northwest, Inc.
d/b/a
San Juan Cruises

Docket No. TS-121395

Evidentiary Hearing on 31 January 2013

Witness List

Exhibit List

Proposed Exhibits

Submitted 20 December 2012

Exhibit A Witness List

Exhibit B Pro forma Financial Statement of Operations including:

1. Ridership Forecast
2. Revenue Forecast
3. Cost of Proposed Service
4. Certificate of Insurance

Exhibit C Statement of Assets including:

1. Balance Sheet
2. Certificates of ownership of asset vessels
3. Facility Lease with Port of Bellingham
4. Operating Agreement with Port of Friday Harbor

Exhibit D Statement of Prior Experience

1. Curriculum Vitae for Drew M. Schmidt
2. Prior WUTC Certificate

Certificate of Service

Pacific Cruises Northwest, Inc.

Hearing Witness List

Ken Oplinger

President and CEO

Bellingham / Whatcom Chamber of Commerce and Industry

(In person)

Randi Axelsson

Group Sales Manager

Silver Reef Casino, Hotel and Spa

(Via conference bridge)

Christine Smith

Co-owner

Northwest Navigation Co.

(Via conference bridge)

Jeff Ehlers

Jeff's Automotive Service

(Via conference bridge)

San Juan Cruises - Bellingham - Friday Harbor
Commercial Ferry Route - 2013 Projection

Exhibit B - 1, 2 & 3

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
RIDERSHIP FORECAST													
Bellingham to Friday Harbor	-	-	-	-	100	300	600	600	300	-	-	-	1,900
Friday Harbor to Bellingham	-	-	-	-	100	300	600	600	300	-	-	-	1,900
Total	-	-	-	-	200	600	1,200	1,200	600	-	-	-	3,800
Fare	49.50	49.50	49.50	49.50	49.50	49.50	49.50	49.50	49.50	49.50	49.50	49.50	
REVENUE FORECAST													
Bellingham to Friday Harbor	-	-	-	-	4,950	14,850	29,700	29,700	14,850	-	-	-	94,050
Friday Harbor to Bellingham	-	-	-	-	4,950	14,850	29,700	29,700	14,850	-	-	-	94,050
Total Sales	-	-	-	-	9,900	29,700	59,400	59,400	29,700	-	-	-	188,100

San Juan Cruises - Bellingham - Friday Harbor
Commercial Ferry Route - 2013 Projection

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
EXPENSE FORECAST													
Vessel Labor				2,000	3,500	10,500	11,000	11,000	7,500				45,500
Shoreside Labor				-	1,000	1,000	1,000	1,000	1,000				5,000
Advertising & Promotion				2,500	5,000	5,000	2,500	2,500	2,500				20,000
Bank Fees	-	-	-	-	248	743	1,485	1,485	743	-	-	-	4,703
Dock Rent - Bellingham	-	-	-	-	250	750	1,500	1,500	750	-	-	-	4,750
Dock Rent - Islands	-	-	-	-	200	600	1,200	1,200	600	-	-	-	3,800
Drug Testing					65	65	65	65	65				325
Insurance - Business									600				600
Insurance - Hull & P.I.									8,000				8,000
Office Rent				120	120	120	120	120	120	120	120	120	1,080
Office Supplies				50	50	50	50	50	50				300
Professional Fees													-
Telephone				200	200	200	200	200	200	200	200	200	1,800
Uniforms					400								400
Utilities				50	50	50	50	50	50	50	50	50	450
Vessel Fuel					4,000	12,000	12,500	12,500	8,000				49,000
Vessel Maintenance				2,000	1,000	1,000	1,000	1,000	1,000				7,000
													-
Taxes - Payroll	-	-	-	400.0	900.0	2,300.0	2,400.0	2,400.0	1,700.0	-	-	-	10,100
Taxes - Property													-
Taxes - Business	-	-	-	-	198	594	1,188	1,188	594	-	-	-	3,762
													-
Vessel Depreciation				1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	10,800
													-
Total Operating Expenses	-	-	-	8,520	18,381	36,172	37,458	37,458	34,672	1,570	1,570	1,570	177,370
Net Income	-	-	-	(8,520)	(8,481)	(6,472)	21,942	21,942	(4,972)	(1,570)	(1,570)	(1,570)	10,731



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/18/12

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UNDER THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE DESCRIBED BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

Exhibit B - 4

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Snapper Shuler Kenner Insurance P.O. Box 551 Lynden, WA 98264 Robert N. Hagedorn, CIC	360-354-4488 360-354-1946	CONTACT NAME: Deb Kors, ACSR PHONE (A/C, No., Ext): 360-354-4488 E-MAIL ADDRESS: dkors@sskinsurance.com	FAX (A/C, No): 360-354-1946
	INSURER(S) AFFORDING COVERAGE		NAIC #
INSURED Pacific Cruises Northwest DBA: Victoria-San Juan Cruises DBA: Island Commuter Services Drew Schmidt 355 Harris Avenue Bellingham, WA 98225	INSURER A: Atlantic Specialty Insurance		27154
	INSURER B: Employers Fire Insurance Co		20648
	INSURER C:		
	INSURER D:		
	INSURER E:		
	INSURER F:		

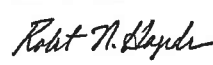
COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY	X		B5JH53469	09/01/12	09/01/13	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
B	AUTOMOBILE LIABILITY			743022121003	09/01/12	09/01/13	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	UMBRELLA LIAB			B5JH53470	09/01/12	09/01/13	EACH OCCURRENCE \$ 4,000,000
	<input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000						AGGREGATE \$ 4,000,000
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY		N/A	B5JH53469 STOP GAP	09/01/12	09/01/13	WC STATUTORY LIMITS <input checked="" type="checkbox"/> OTHER
	<input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Protection & Indemnity			B5JH53470	09/01/12	09/01/13	Limit Included

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Additional Insured form IMU0313 (01/07) applies.

CERTIFICATE HOLDER WASST-7 Washington State Utilities and Transportation Commission P O Box 47250 Olympia, WA 98504	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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ENDORSEMENT TO SECTION I – COVERAGE PARTS I, II & III ADDITIONAL INSURED AND WAIVER OF SUBROGATION (BLANKET)

In consideration of the premium at which this policy is issued, and subject to the terms and conditions of the policy, it is agreed that:

1. **Section V – General Conditions – Paragraph I – Who Is An Insured** – of the policy is amended to include any person or organization that you are obligated by an "insured contract" to include as Additional Insureds, but only with respect to liability arising out of "your work" and only with respect to coverage provided under Section I, Coverage Parts I, II and III of the policy.
2. It is further agreed that we waive any right of recovery we may have against any such Additional Insured because of payments we make for "bodily injury" or "property damage" arising out of "your work" for that Additional insured, but only to the extent of your obligation under the "insured contract".

Pacific Cruises Northwest, Inc.
Balance Sheet
 As of November 30, 2012

Exhibit C - 1

	Nov 30, 12
ASSETS	
Current Assets	
Checking/Savings	
1100 · Change fund - petty cash	781.28
1150 · Peoples Bank - checking	3,625.57
1160 · Peoples Bank - ATM	817.62
1175 · Peoples Bank - savings	11,060.60
Total Checking/Savings	16,285.07
Other Current Assets	
1220 · Note Receivable	35,056.02
1221 · Interest Receivable	47.35
1300 · Gift Store Inventory	1,374.94
Total Other Current Assets	36,478.31
Total Current Assets	52,763.38
Fixed Assets	
1470 · Furniture and fixtures	45,804.45
1505 · Equipment	25,872.56
1520 · M/V Victoria Star 2	350,000.00
1526 · M/V Viking Star	75,000.00
1527 · M/V Salish Sea	106,196.53
1530 · Vessel fixtures	50,832.73
1560 · Docks and dwarfs	29,235.51
1570 · Vehicles	33,137.61
1590 · Accumulated depreciation	-592,445.34
Total Fixed Assets	123,634.05
Other Assets	
1721 · Due from Sean Mcnamara	8,000.00
1720 · Salmon Licenses	8,000.00
Total Other Assets	16,000.00
TOTAL ASSETS	192,397.43
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2050 · Accounts payable	542.91
Total Accounts Payable	542.91
Other Current Liabilities	
2030 · Unearned revenue - Bellingham	6,344.84
2040 · Daily Deposit Distribution	40.50
2100 · Payroll Liabilities	41.78
2200 · Accrued payroll taxes	
2280 · SUTA	2.40
Total 2200 - Accrued payroll taxes	2.40
2350 · Insurance payable	11,381.78
2360 · Sales tax payable	108.55
Total Other Current Liabilities	17,919.85
Total Current Liabilities	18,462.76
Long Term Liabilities	
2515 · Shareholder notes payable	
2522 · Advances from Schmidt	10,000.00
2523 · Repayments to Schmidt	-68,873.10
Total 2515 · Shareholder notes payable	-58,873.10

12:04 PM
12/14/12
Accrual Basis

Pacific Cruises Northwest, Inc.
Balance Sheet
As of November 30, 2012

	<u>Nov 30, 12</u>
2530 · Note payable - Christy Corp KS	100,388.09
2540 · Note payable - Christy Corp VS2	29,864.39
2545 · Note Payable - Ken McDonald	24,490.07
Total Long Term Liabilities	<u>95,869.45</u>
Total Liabilities	114,332.21
Equity	
2710 · Treasury Stock	-35,196.60
2720 · Additional Paid in Capital	143,182.50
2750 · Capital stock	200.00
2802 · Beginning Retained Earnings	
2819 · Beginning Non AAA RE	
2810 · Subchapter C retained earnings	100,860.00
2825 · Other retained earnings	-231,632.09
Total 2819 · Beginning Non AAA RE	<u>-130,772.09</u>
2820 · Accumulated adjustments account	11,387.30
Total 2802 · Beginning Retained Earnings	-119,384.79
2775 · Subchapter S distributions	-1,500.00
Net Income	<u>90,764.11</u>
Total Equity	<u>78,065.22</u>
TOTAL LIABILITIES & EQUITY	<u><u>192,397.43</u></u>

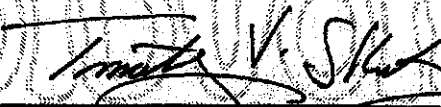



UNITED STATES OF AMERICA

DEPARTMENT OF HOMELAND SECURITY
UNITED STATES COAST GUARD

NATIONAL VESSEL DOCUMENTATION CENTER

CERTIFICATE OF DOCUMENTATION

VESSEL NAME VICTORIA STAR2		OFFICIAL NUMBER 572980	IMO OR OTHER NUMBER 1	YEAR COMPLETED 1976	
HAILING PORT BELLINGHAM, WA		HULL MATERIAL ALUMINUM		MECHANICAL PROPULSION YES	
GROSS TONNAGE 99 GRT	NET TONNAGE 67 NRT	LENGTH 96.4	BREADTH 23.5	DEPTH 7.0	
PLACE BUILT JEAN LAFITTE LA					
OWNERS PACIFIC CRUISES NORTHWEST, INC.			OPERATIONAL ENDORSEMENTS COASTWISE REGISTRY		
MANAGING OWNER PACIFIC CRUISES NORTHWEST INC 355 HARRIS AVENUE STE 104 BELLINGHAM, WA 98225					
RESTRICTIONS NONE					
ENTITLEMENTS NONE					
REMARKS NONE					
ISSUE DATE AUGUST 13, 2012		 DIRECTOR, NATIONAL VESSEL DOCUMENTATION CENTER			
THIS CERTIFICATE EXPIRES SEPTEMBER 30, 2018					
VDS 15560572					



United States of America
Department of Homeland Security
United States Coast Guard

Certification Date: 09 Oct 2012
Expiration Date: 09 Oct 2013
IMO Number:

Certificate of Inspection

For ships on international voyages this certificate fulfills the requirements of SOLAS 74 as amended, regulation V/14, for a SAFE MANNING DOCUMENT.

Vessel Name VICTORIA STAR2	Official Number 572980	Call Sign WCW4552	Service Passenger (Inspected)	
Hailing Port BELLINGHAM WA	Hull Material Aluminum	Horsepower 1575	Propulsion Diesel Reduction	
Place Built JEAN LAFITTE LA, UNITED STATES	Delivery Date 01Jan1976	Date Keel Laid	Gross Tons R-99 Net Tons I-	DWT R-67 Length I-
Owner PACIFIC CRUISES NORTHWEST INC 355 HARRIS AVENUE STE 104 BELLINGHAM WA 98225 UNITED STATES	Operator PACIFIC CRUISES NORTHWEST INC 355 HARRIS AVE STE 104 BELLINGHAM WA 98225			

This vessel must be manned with the following licensed and unlicensed personnel. Included in which there must be 0 certified lifeboatmen, 0 certified tankermen, 0 HSC type rating, and 0 GMDSS Operators.

1 Master	0 Master & 1st Class pilot	0 Radio Officer(s)	0 Chief Engineer	0 QMED/Rating
0 Chief Mate	0 Mate & 1st Class Pilot	0 Able Seamen/ROANW	0 1st Asst. Engr/2nd Engr.	0 Oilers
0 2nd Mate/OICNW	1 Lic. Mate/OICNW	0 Ordinary Seamen	0 2nd Asst. Engr/3rd Engr.	
0 3rd Mate/OICNW	0 1st Class Pilot	4 Deckhands	0 3rd Asst. Engr.	
			0 Lic. Engr.	

In addition, this vessel may carry 142 passengers, 2 other persons in crew, 0 persons in addition to crew, and no others.
Total persons allowed: 150

Route Permitted and Conditions of Operation:

---Lakes, Bays, and Sounds plus Limited Coastwise---

PACIFIC OCEAN, BETWEEN LATITUDE 30-11"N AND ANGELES POINT, WASHINGTON. WHILE PASSENGERS ARE ON BOARD, THE VESSEL'S ROUTE MAY NOT EXCEED 20 MILES FROM A HARBOR OF SAFE REFUGE.

THE SHELTERED WATERS OF THE WEST COAST OF NORTH AMERICA EAST OF ANGELES POINT, WASHINGTON AND SOUTH OF HOPE ISLAND, BRITISH COLUMBIA, CANADA.

WHEN NOT OPERATING ON AN INTERNATIONAL VOYAGE, PASSENGER COUNT MAY BE INCREASED TO 149, AND MAXIMUM NUMBER OF PERSONS ALLOWED ON BOARD MAY BE INCREASED TO 157.

WHEN THE VESSEL IS AWAY FROM A SHORESIDE DOCK, OR HAS PASSENGERS ON BOARD, OR BOTH, THE
SEE NEXT PAGE FOR ADDITIONAL CERTIFICATE INFORMATION

With this Inspection for Certification having been completed at Bellingham, UNITED STATES, the Officer in Charge, Marine Inspection, SECTOR PUGET SOUND certified the vessel, in all respects, is in conformity with the applicable vessel inspection laws and the rules and regulations prescribed thereunder.

Annual/Periodic/Quarterly Reinspections				This certificate issued by: J. D. Dwyer, _____ Officer in Charge, Marine Inspection SECTOR PUGET SOUND _____ Inspection Zone
Date	Zone	A/P/Q	Signature	
-	-	-	-	
-	-	-	-	
-	-	-	-	



Certificate of Inspection

Certification Date:
09Oct2012

VICTORIA STAR2

VESSEL'S REQUIRED MANNING SHALL BE AS FOLLOWS:

WHEN CARRYING 100 PASSENGERS OR LESS AND OPERATING MORE THAN 12 HOURS IN ANY 24 HOUR PERIOD, THE MANNING MAY BE REDUCED TO 1 MASTER, 1 MATE AND 2 DECKHANDS.

WHEN OPERATING LESS THAN 12 HOURS IN ANY 24 HOUR PERIOD THE CREW MAY BE FURTHER REDUCED TO 1 MASTER AND 2 DECKHANDS, AND THE TOTAL NUMBER OF PASSENGERS ON INTERNATIONAL VOYAGES MAY BE INCREASED TO 145.

A MAXIMUM OF 75 PASSENGERS MAY BE CARRIED ON THE UPPERMOST DECK.

THE MINIMUM NUMBER OF CHILD-SIZE LIFE PRESERVERS REQUIRED IS FIFTEEN (15). WHEN MORE THAN FIFTEEN (15) CHILDREN ARE CARRIED, ADDITIONAL CHILD-SIZE LIFE PRESERVERS SHALL BE PROVIDED SO THAT THE VESSEL HAS AN APPROVED LIFE PRESERVER SUITABLE FOR EACH CHILD ON BOARD.

WHEN OPERATING ON AN INTERNATIONAL VOYAGE:

(1) ALL LICENSED INDIVIDUALS MUST HOLD LICENSES AUTHORIZING SERVICE ON VESSELS OF A TONNAGE AT LEAST EQUAL TO THE VESSEL'S U.S. REGULATORY TONNAGE AS INDICATED ON THIS CERTIFICATE OF INSPECTION AS PROVIDED FOR IN IMO RESOLUTION A.540(XIII);

(2) UNLICENSED DECKHANDS PERFORMING NAVIGATIONAL WATCHKEEPING DUTIES MUST MEET THE QUALIFICATIONS AND BE DESIGNATED BY LETTER AS A SENIOR DECKHAND AS PROVIDED IN NVIC 1-91.

THE COMPANY'S AND VESSEL'S SAFETY MANAGEMENT SYSTEM MEET THE REQUIREMENTS OF CHAPTER IX OF SOLAS, THROUGH AN EQUIVALENCE PROGRAM APPROVED BY THE U.S. COAST GUARD.

WHEN OPERATING ON AN INTERNATIONAL VOYAGE THE FOLLOWING CONDITIONS APPLY:

(1) THE VESSEL IS RESTRICTED TO NOT MORE THAN 20 MILES FROM THE NEAREST LAND AS PROVIDED FOR IN IMO SLS14/CIRC.87 OF 15 NOVEMBER 1989.

"PURSUANT TO THE PROVISIONS OF SOLAS V/1.4.1, U.S. COAST GUARD HAS DETERMINED THAT THIS VESSEL IS NOT REQUIRED TO COMPLY WITH THE AIS EQUIPMENT. THIS VESSEL IS NOT REQUIRED TO BE EQUIPPED WITH AIS AS REQUIRED IN SOLAS V/19.2.4 WHEN OPERATING ON AN INTERNATIONAL VOYAGE."

IN ACCORDANCE WITH MVI POLICY LETTER 10-90, THIS VESSEL IS DEEMED SOLAS EQUIVALENT. 46 CFR 175-185 IS EQUIVALENT TO THE PROVISIONS OF SOLAS 1974, CH. II-1, II-2, AND III FOR PASSENGER SHIPS OPERATING ON INTERNATIONAL VOYAGES WHICH DO NOT PROCEED MORE THAN 20 MILES OFFSHORE.

---Hull Exams---

Exam Type	Next Exam	Last Exam	Prior Exam
Drydock	24Apr2013	24Apr2012	06Dec2010
Internal Structure	24Apr2013	24Apr2012	06Dec2010

---Stability---

Letter Approval Date / 28May1986 Office/ SDCMS

---Inspection Status---



Certificate of Inspection

Certification Date:
09Oct2012

VICTORIA STAR2

Pressure Vessels

Type	Location	Previous	Last	Next
Air Receiver	LAZZARETTE	27Oct2004	31Mar2010	31Mar2015
Air Receiver	LAZZARETTE	27Oct2004	31Mar2010	31Mar2015

---Lifesaving Equipment---

	Number Persons		Required
Total Equipment for	150		157
Lifeboats (Total)	0	0	15
Lifeboats (Port)*	0	0	3
Lifeboats (Starbd)*	0	0	1
Motor Lifeboats*	0	0	1
Lifeboats W/Radio*	0	0	1
Rescue Boats/Platforms	1	0	0
Inflatable Rafts	0	0	0
Life Floats/Buoyant App	0	0	Yes
Inflatable Bouyant App (IBA)	3	150	(* included in totals)

---Fire Fighting Equipment---

Number of Fireman Outfits/ 0 Number of Fire Pumps/ 2

Hose information

Qty	Diameter	Length
3	1.5	50

Fire Extinguishers - Hand portable and semi-portable

Qty	Class Type
1	B-I
6	B-II

END




UNITED STATES OF AMERICA

DEPARTMENT OF HOMELAND SECURITY
UNITED STATES COAST GUARD

NATIONAL VESSEL DOCUMENTATION CENTER

CERTIFICATE OF DOCUMENTATION

VESSEL NAME SALISH SEA		OFFICIAL NUMBER 574608	IMO OR OTHER NUMBER NONE	YEAR COMPLETED 1976	
HAILING PORT BELLINGHAM WA		HULL MATERIAL FRP (FIBERGLASS)		MECHANICAL PROPULSION YES	
GROSS TONNAGE 36 GRT	NET TONNAGE 28 NRT	LENGTH 48.0	BREADTH 15.7	DEPTH 6.7	
PLACE BUILT SEATTLE WA		OWNERS PACIFIC CRUISES NORTHWEST INC			
		OPERATIONAL ENDORSEMENTS FISHERY REGISTRY COASTWISE			
MANAGING OWNER PACIFIC CRUISES NORTHWEST INC 355 HARRIS AVENUE STE 104 BELLINGHAM WA 98225					
RESTRICTIONS NONE					
ENTITLEMENTS NONE					
REMARKS None					
ISSUE DATE OCTOBER 22, 2012		 DIRECTOR, NATIONAL VESSEL DOCUMENTATION CENTER			
THIS CERTIFICATE EXPIRES OCTOBER 31, 2013					



40300235418



United States of America
 Department of Homeland Security
 United States Coast Guard

Certification Date: 31 Mar 2009
 Expiration Date: 31 Mar 2014
 IMO Number:

Certificate of Inspection

For ships on international voyages this certificate fulfills the requirements of SOLAS 74 as amended, regulation V/14, for a SAFE MANNING DOCUMENT.

Vessel Name ISLAND COMMUTER II RENAMED: SALISH SEA	Official Number 574608	Call Sign WCY9101	Service Passenger (Inspected)
Hailing Port BELLINGHAM WA	Hull Material FRP (Fiberglass)	Horsepower 730	Propulsion Diesel Reduction
Place Built SEATTLE WA, UNITED STATES	Delivery Date 01Jan1976	Date Keel Laid 01Jan1976	Gross Tons R-36
			Net Tons R-28
			DWT -
			Length R-48
Owner PACIFIC CRUISES NORTHWEST INC 355 HARRIS AVENUE STE 104 BELLINGHAM, WA 98225 UNITED STATES	Operator PACIFIC CRUISES NORTHWEST INC 355 HARRIS AVENUE STE 104 BELLINGHAM, WA 98225 UNITED STATES		

This vessel must be manned with the following licensed and unlicensed personnel. Included in which there must be 0 certified lifeboatmen, 0 certified tankermen, 0 HSC type rating, and 0 GMDSS Operators.

1 Master	Master & 1st Class pilot	Radio Officer(s)	Chief Engineer	QMED/Rating
Chief Mate	Mate & 1st Class Pilot	Able Seamen/ROANW	1st Asst. Engr/2nd Engr.	Oilers
2nd Mate/OICNW	Lic. Mate/OICNW	Ordinary Seamen	2nd Asst. Engr/3rd Engr.	
3rd Mate/OICNW	1st Class Pilot	1 Deckhands	3rd Asst. Engr.	
			Lic. Engr.	

In addition, this vessel may carry 56 passengers, 0 other persons in crew, 0 persons in addition to crew, and no others. Total persons allowed: 58

Route Permitted and Conditions of Operation:

---Lakes, Bays, and Sounds---

THE SHELTERED WATERS OF THE WEST COAST OF NORTH AMERICA EAST OF ANGELES POINT, WASHINGTON AND SOUTH OF HOPE ISLAND, BRITISH COLUMBIA, CANADA.

IF THE VESSEL IS AWAY FROM THE DOCK, OR PASSENGERS ARE ON BOARD OR HAVE ACCESS TO THE VESSEL FOR A PERIOD EXCEEDING 12 HOURS IN ANY 24 HOUR PERIOD, AN ALTERNATE MASTER AND CREW SHALL BE PROVIDED.

NOT MORE THAN 12 PASSENGERS MAY BE CARRIED ON AN INTERNATIONAL VOYAGE.

NO MORE THAN 19 PERSONS MAY BE CARRIED ON VESSEL'S UPPER DECK.

SEE NEXT PAGE FOR ADDITIONAL CERTIFICATE INFORMATION

With this Inspection for Certification having been completed at Seattle, WA, the Officer in Charge, Marine Inspection, SECTOR PUGET SOUND certified the vessel, in all respects, is in conformity with the applicable vessel inspection laws and the rules and regulations prescribed thereunder.

Annual/Periodic/Quarterly Reinspections				This Amended certificate issued by:
Date	Zone	A/P/Q	Signature	
31Mar2010	SEC PgtSnd	A	Woods, Kathari	 J.D. Dwyer Officer in Charge, Marine Inspection SECTOR PUGET SOUND Inspection Zone
31Mar2011	SEC PgtSnd	A	Ruiz, Nicanor	
29Mar2012	SEC PgtSnd	A	DeWitz, Jarrod	
-	-	-	-	



Certificate of Inspection

Certification Date:
31Mar2009

ISLAND COMMUTER II

---Hull Exams---

Exam Type	Next Exam	Last Exam	Prior Exam
Drydock	29Mar2013	29Mar2011	24Mar2009
Internal Structure	29Mar2013	29Mar2011	24Mar2009

---Stability---

Letter Approval Date / 13Mar1992 Office/ Marine Safety Office Puget Sound

---Lifesaving Equipment---

	Number	Persons		Required
Total Equipment for	58		Life Preservers(Adult)	58
Lifeboats(Total)	0	0	Life Preservers(Child)	6
Lifeboats(Port)*	0	0	Ring Buoys(Total)	1
Lifeboats(Starbd)*	0	0	With Lights*	1
Motor Lifeboats*	0	0	With Line Attached*	1
Lifeboats W/Radio*	0	0	Other*	1
Rescue Boats/Platforms	0	0	Immersion Suits	0
Inflatable Rafts	0	0	Portable Lifeboat Radios	0
Life Floats/Buoyant App	3	41	Equipped with EPIRB?	No
Inflatable Bouyant App(IBA)	0	0	(* included in totals)	

---Fire Fighting Equipment---

Number of Fireman Outfits/ 0 Number of Fire Pumps/ 1

Fixed Extinguishing Systems

Capacity	Agent	Space Protected
75	Carbon Dioxide	ENGINE ROOM & F/O ROOM

Fire Extinguishers - Hand portable and semi-portable

Qty	Class Type
1	B-I
2	B-II

---Certificate Amendments---

Current Amendment

Port Amending/ Sector Puget Sound Date Amended/ 31Mar2012

-Remarks-

Amended COI IAW 185 AAWP.

1. Port Amending/ SEC PgtSnd Date Amended/ 29Mar2011

-Remarks-

Amended COI to reflect DDX/ISE credit and added fire pump.

2. Port Amending/ SEC PgtSnd Date Amended/ 01Dec2010

-Remarks-

Amended route.

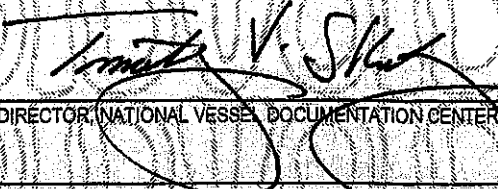



UNITED STATES OF AMERICA

DEPARTMENT OF HOMELAND SECURITY
UNITED STATES COAST GUARD

NATIONAL VESSEL DOCUMENTATION CENTER

CERTIFICATE OF DOCUMENTATION

VESSEL NAME VIKING STAR		OFFICIAL NUMBER 588855	IMO OR OTHER NUMBER	YEAR COMPLETED 1977
HAILING PORT LACONNER, WA		HULL MATERIAL WOOD		MECHANICAL PROPULSION YES
GROSS TONNAGE 57 GRT	NET TONNAGE 46 NRT	LENGTH 53.9	BREADTH 17.2	DEPTH 6.5
PLACE BUILT EVERETT, WA (HULL); SEATTLE, WA (COMPLETED)				
OWNERS PACIFIC CRUISES NORTHWEST INC		OPERATIONAL ENDORSEMENTS COASTWISE FISHERY REGISTRY		
MANAGING OWNER PACIFIC CRUISES NORTHWEST INC 355 HARRIS AVENUE STE 104 BELLINGHAM, WA 98225				
RESTRICTIONS NONE				
ENTITLEMENTS NONE				
REMARKS NONE				
ISSUE DATE JUNE 13, 2012		 DIRECTOR, NATIONAL VESSEL DOCUMENTATION CENTER		
THIS CERTIFICATE EXPIRES JULY 31, 2013				
VDS 16285478				



United States of America
Department of Homeland Security
United States Coast Guard

Certification Date: 02 Mar 2012
Expiration Date: 02 Mar 2017
IMO Number:

Certificate of Inspection

For ships on international voyages this certificate fulfills the requirements of SOLAS 74 as amended, regulation V/14, for a SAFE MANNING DOCUMENT.

Vessel Name VIKING STAR	Official Number 588855	Call Sign WDE5531	Service Passenger (Inspected)
Hailing Port LACONNER WA	Hull Material Wood	Horsepower 760	Propulsion Diesel Direct
Place Built EVERETT, WA UNITED STATES	Delivery Date 01Jan1978	Date Keel Laid	Gross Tons R-57 Net Tons R-46 DWT - Length -
Owner PACIFIC CRUISES NORTHWEST INC 355 HARRIS AVE STE 104 BELLINGHAM, WA 98225	Operator PACIFIC CRUISES NORTHWEST INC 355 HARRIS AVE STE 104 BELLINGHAM, WA 98225		

This vessel must be manned with the following licensed and unlicensed personnel. Included in which there must be 0 certified lifeboatmen, 0 certified tankermen, 0 HSC type rating, and 0 GMDSS Operators.

1 Master	Master & 1st Class pilot	Radio Officer(s)	Chief Engineer	QMED/Rating
Chief Mate	Mate & 1st Class Pilot	Able Seamen/ROANW	1st Asst. Engr/2nd Engr.	Oilers
2nd Mate/OICNW	Lic. Mate/OICNW	Ordinary Seamen	2nd Asst. Engr/3rd Engr.	
3rd Mate/OICNW	1st Class Pilot	1 Deckhands	3rd Asst. Engr.	
			Lic. Engr.	

In addition, this vessel may carry 42 passengers, 0 other persons in crew, 0 persons in addition to crew, and no others. Total persons allowed: 44

Route Permitted and Conditions of Operation:

---Lakes, Bays, and Sounds---

THE SHELTERED WATERS OF THE WEST COAST OF NORTH AMERICA EAST OF ANGELES POINT, WASHINGTON AND SOUTH OF HOPE ISLAND, BRITISH COLUMBIA, CANADA.

IF THE VESSEL IS AWAY FROM THE DOCK, OR PASSENGERS ARE ON BOARD OR HAVE ACCESS TO THE VESSEL FOR A PERIOD EXCEEDING 12 HOURS IN ANY 24 HOUR PERIOD, AN ALTERNATE MASTER AND CREW SHALL BE PROVIDED, AND THE NUMBER OF PASSENGERS SHALL BE DECREASED ACCORDINGLY SO THAT THE TOTAL PERSONS ALLOWED DOES NOT EXCEED 44.

NOT MORE THAN 12 PASSENGERS MAY BE CARRIED ON AN INTERNATIONAL VOYAGE.

SEE NEXT PAGE FOR ADDITIONAL CERTIFICATE INFORMATION

With this Inspection for Certification having been completed at Seattle, WA, the Officer in Charge, Marine Inspection, SECTOR PUGET SOUND certified the vessel, in all respects, is in conformity with the applicable vessel inspection laws and the rules and regulations prescribed thereunder.

Annual/Periodic/Quarterly Reinspections				This certificate issued by: <u>J.D. Dwyer</u> Officer in Charge, Marine Inspection SECTOR PUGET SOUND Inspection Zone
Date	Zone	A/P/Q	Signature	
-	-	-	-	
-	-	-	-	
-	-	-	-	



Certificate of Inspection

Certification Date:
02Mar2012

VIKING STAR

---Hull Exams---

Exam Type	Next Exam	Last Exam	Prior Exam
Drydock	06Mar2014	06Mar2012	17Mar2011
Wood Hull Fastener	06Mar2017	06Mar2012	13Mar2007
Internal Structure	06Mar2014	06Mar2012	22Mar2011

---Stability---

Letter Approval Date / 23Mar1987 Office/ Seattle, WA

---Lifesaving Equipment---

	Number	Persons		Required
Total Equipment for	44		Life Preservers (Adult)	44
Lifeboats (Total)	0	0	Life Preservers (Child)	5
Lifeboats (Port)*	0	0	Ring Buoys (Total)	1
Lifeboats (Starbd)*	0	0	With Lights*	1
Motor Lifeboats*	0	0	With Line Attached*	1
Lifeboats W/Radio*	0	0	Other*	0
Rescue Boats/Platforms	0	0	Immersion Suits	0
Inflatable Rafts	0	0	Portable Lifeboat Radios	0
Life Floats/Buoyant App	3	56	Equipped with EPIRB?	No
Inflatable Bouyant App (IBA)	0	0	(* included in totals)	

---Fire Fighting Equipment---

Fixed Extinguishing Systems

Capacity	Agent	Space Protected
50	Carbon Dioxide	Engine space

Fire Extinguishers - Hand portable and semi-portable

Qty	Class Type
1	B-I
3	B-II

END

RENEWAL AND MODIFICATION OF LEASE

THIS RENEWAL AND MODIFICATION OF LEASE is made and entered into this 13 day of November, 2012, by and between the PORT OF BELLINGHAM, a municipal corporation, hereinafter called LESSOR, and PACIFIC CRUISES NORTHWEST, INC., a Washington corporation, d/b/a SAN JUAN CRUISES, hereinafter called LESSEE, whose mailing address is 355 Harris Avenue, Suite 104, Bellingham, Washington 98225, and

WHEREAS, Lessor and Lessee entered into a Business & Retail Center Lease (hereinafter the "Lease") on December 17, 1996, covering certain premises owned by Lessor and or under Lessor's management authority at the BELLINGHAM CRUISE TERMINAL ("BCT"), for a term of one (1) year beginning November 1, 1996, ending October 31, 1997, and

WHEREAS, on November 14, 1997, the Lease was renewed for a term of one (1) year beginning November 1, 1997, ending October 31, 1998, and

WHEREAS, Lessor executed a Port Management Agreement (hereinafter PMA) with the State of Washington, Department of Natural Resources (DNR), dated July 1, 1997, which is attached as an Exhibit to the Lease to meet the terms and conditions of the PMA, and

WHEREAS, on March 4, 1999, the Lease was renewed and modified for a term of one (1) year beginning November 1, 1998, ending October 31, 1999, and

WHEREAS, on November 15, 1999, the Lease was renewed for a term of one (1) year beginning November 1, 1999, ending October 31, 2000, and

WHEREAS, on September 11, 2000, the Lease was modified to delete a portion of the premises, and

WHEREAS, on January 22, 2001, the Lease was renewed and modified for a term of one year beginning November 1, 2000, ending October 31, 2001, and

WHEREAS, on March 5, 2002 the Lease was renewed and modified for a term of five (5) years beginning November 1, 2001 ending October 31, 2006, and

WHEREAS, on February 6, 2007 the Lease was renewed and modified for a term of five (5) years beginning November 1, 2006 ending October 31, 2011, and

WHEREAS, on November 1, 2011 the Lease was renewed and modified for a term of one (1) year beginning November 1, 2011 ending October 31, 2012, and

WHEREAS, the Modification dated November 1, 2011 provides for four (4) one year renewal options, and

WHEREAS, it is the desire of both parties to renew the Lease;

NOW, THEREFORE, the Lease is renewed as follows:

1. Effective November 1, 2012 shall be renewed for a term of **One (1) year** beginning **November 1, 2012** ending **October 31, 2013**.

2. The Sections the Lease entitled "Rent", as amended, shall remain unchanged

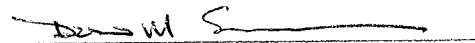
3. The Section of the Lease entitled "Passenger Facility Charges", shall remain unchanged.

4. The Section of the Lease entitled "Moorage Charges", as amended, shall remain unchanged.

ALL OTHER TERMS AND CONDITIONS of the Lease dated December 17, 1996, as renewed and modified, shall remain the same.

IN WITNESS WHEREOF, Lessor has caused this instrument to be signed by its President and Secretary of the Port Commission of the Port of Bellingham, and Lessee has caused this instrument to be signed by its proper officer's thereunto duly authorized, the day and year first above written.

PACIFIC CRUISES NORTHWEST, INC.
a Washington corporation,
d/b/a SAN JUAN CRUISES



President

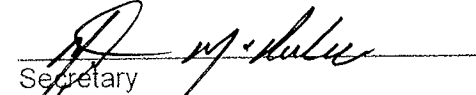
Secretary

"LESSEE"

PORT OF BELLINGHAM



President



Secretary

"LESSOR"

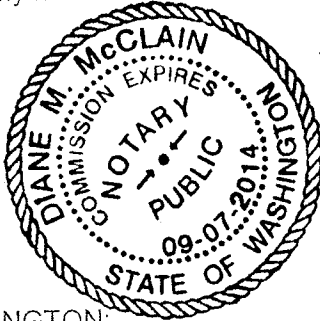
STATE OF WASHINGTON:

ss

COUNTY OF WHATCOM :

ON THIS 20th day of November, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Scott L. Wake and Michael McAuley, known to me to be the President and Secretary, respectively of the PORT OF BELLINGHAM, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Diane M. McClain
Name (Print) Diane M. McClain
NOTARY PUBLIC, in and for the State of Washington, residing at Bellingham
My Commission expires: 09-07-14

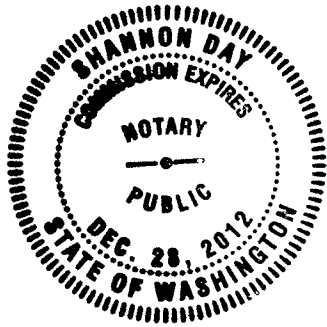
STATE OF WASHINGTON:

ss

COUNTY OF WHATCOM:

ON THIS 13th day of November, 2012, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Drew Schmidt known to me to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that he, ~~she, they~~, signed the same as his, ~~her, their~~, free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Shannon Day
Name (Print) Shannon Day
NOTARY PUBLIC, in and for the State of Washington, residing at Bellingham
My Commission expires: 12-28-12



P.O. Box 889, Friday Harbor, WA 98250 * 360-378-2688 * fax 360-378-6114 * <http://www.portfridayharbor.org>
Commissioners: Mike Ahrenius * Greg Hertel * Barbara Marrett

December 20, 2012

RE: Port Operating Agreement

Pacific Cruises Northwest
Drew Schmidt

Drew, thank you for getting your Operating Agreement back to me so quickly. I just realized from your note that the Port and Pacific Cruises Northwest have been working together for 25 years. It is hard to believe we have worked together for so long, it has gone so fast.

I just wanted to take a quick moment to let you know how much the Port and I have appreciated working with you and your company all these years. Your captains and crew have always been excellent to work with and the transportation service that your company provides to our community is invaluable. Your reporting, accounts receivables, and operating procedures are always accurate and timely.

On a personal note I know how challenging and unpredictable this industry can be and you have always been very professional on all levels and run an exemplary business and it has always been a pleasure working with you.

Here's to a great 2013 season and many more shared customers and passengers over the next 25 years.

Best Wishes,

Tami

Tami Hayes, Harbormaster/FSO
Port of Friday Harbor
P.O. Box 889
Friday Harbor, WA 98250
360-378-2688
tamih@portfridayharbor.org

PORT OF FRIDAY HARBOR OPERATING LICENSE AGREEMENT

This Agreement entered into by and between the Port of Friday Harbor, a Washington Public Port (the "Port"), and PACIFIC CRUISES NORTHWEST, INC., (the "Operator"), for the purposes of licensing the Operator to use certain marine facilities of the Port described below and upon the terms and conditions stated below.

1. **Permitted Use/Premises.** The Port hereby grants to the Operator a license to moor her vessel(s) at the Spring Street Landing Breakwater (the "SSL" breakwater) and/or the Port of Friday Harbor Breakwater (the "BWB" breakwater) for the purpose of loading and unloading passengers. The Operator may moor at the SSL Breakwater and/or the Port BWB Breakwater at the direction of the Harbormaster. The Operator must assist the Port in keeping the piers, docks and marine areas neat and clean.
2. **Mooring Restriction.** The Operator shall moor her vessel at the SSL Breakwater in such a manner that neither the bow nor the stern of the vessel shall project beyond the east or west end of the Breakwater.
3. **Term.** This License shall commence on 1-1-13 and end on 12-31-13.
4. **Indemnity.** The Operator shall indemnify, defend, and hold harmless the Port, its employees, officers, and agents from any and all liability, damages (including but not limited to personal injury and damages to other vessels, property of third parties, aquatic life, and other natural resources), expenses, causes of action, suits, claims, costs, fees (including attorneys' fees), penalties or judgments, of any nature whatsoever, arising out of the use, occupation, or control of BWB, SSL, or any other facility of the Port by the Operator, its sublicensees, invitees, agents, employees, assignees or permittees, except as may arise solely out of the willful or negligent act of the Port or the Port's elected officials, employees or agents.
5. **Insurance.** For the term of this Agreement, the Operator shall at her own expense maintain public liability insurance, covering all claims for personal injury or property damage arising on or about BWB, SSL or any other Port facility out of the Operator's operations.
 - A. The liability insurance shall be in the form of protection and indemnity insurance. Limits of liability shall be not less than \$1,000,000 (one million dollars) for each occurrence and not less than \$2,000,000 (two million) annual aggregate. The Port reserves the right to impose changes in the limits of liability.
 - B. Certificates must list and be applicable to each type of business activity that the Operator conducts at or away from but in conjunction with its use of the Premises. Certificates must list any exclusion from coverage that applies to Operator's business, done on or away from but in conjunction with its use of Port property, or this Agreement is void and of no effect except as to the Port's rights.

- C. Operator shall maintain physical property damage insurance covering all real and personal property located on or constituting part of the Premises in an amount equal to 100% of the replacement value of all improvements on the Premises (regardless of ownership).
 - D. The Operator shall maintain Longshore and Harbor Worker's Act and Jones Act coverage with respect to any work done by the Operator's employees at or about BWB, SSL and/or any other facility of the Port.
 - E. Before commencing any use of Port property, Operator shall furnish certificates of insurance to the Port evidencing all said insurance coverage and thereafter shall furnish renewal certificates to the Port at least thirty (30) days prior to the expiration of each policy.
6. **Fees and Charges.** The Operator shall submit the number of passengers carried by written report to the Port no later than the 25th day of the month immediately following the calendar month of carriage the number of passengers carried. The Schedule of Fees and Charges applies to any use of the Port's solid waste facilities or any utilities used during the stay, including water, sewer, garbage and electricity. The Port makes no guarantee or warranty, express or implied, of continuity of utility services to said vessel. See attached for Fees and Charges.
7. **Security.** All vessels, specifically SOLAS vessels and vessels carrying passengers internationally must coordinate landings with the harbormaster prior to landing. Points of contact that are valid for the entire stay of the vessel must be identified. A communication system of cell phones, radios or both shall be identified, tested and used. Standard Declarations of Inspection, an Operations Procedure shall apply as well as necessary security precautions while the vessel is moored and transferring. All SOLAS vessels and vessels carrying passengers internationally will exchange a Declaration of Security with the facility security officer or her designates. The document must be signed upon arrival.
8. **Environmental/Hazardous Waste.** Port Management expects all Operators to adhere to all Federal, State, and local permits, licenses or laws and the Port's Best Management Practices. (See attached)
9. **Service and Product.** Operator covenants and agrees to provide excellent service and high quality products at the Premises and to answer questions courteously and accurately regarding local availability of other's products and services.
10. **Signs.** The Operator shall obtain the Port's approval before posting any sign. The Operator shall not use any sign or advertising medium that shall constitute a nuisance in the sole judgment of the Port. Use of all loud speakers, microphones or radios audible outside the limits of the BWB, SSL or elsewhere in the Port's public facility where any said vessel may be moored shall require prior approval by the Port and be subject to the Port's regulation.

11. **Waiver of Reliability.** The Operator hereby agrees that the Port shall not be liable or responsible in any manner for the seaworthiness, safekeeping or condition of any said vessel or the condition of any vessel's gear, tackle, apparel, fixtures, equipment or furnishings. The Operator also agrees that the Port shall not be liable or responsible for any property damage, personal injury or other loss suffered by the Operator or the Operator's agents, employees or invitees arising from any cause occurring upon or about said vessel while operating in the vicinity of or moored at the BWB, SSL or the Port's public marina. The BWB, SSL and the Port's public marina have been inspected by the Operator and are accepted for use by the Operator under this Agreement in their present condition. The Operator shall indemnify and hold the Port harmless from any and all loss, damage, or injury resulting from the acts or omissions of the Operator and/or its agents, employees or invitees.
12. **Default.** If the Operator's default of this Agreement does not involve or include a failure to pay sums due the Port, then the Port may, on ten (10) days' written notice of said default, terminate Operator's right to moor any of said vessels at the BWB, SSL or elsewhere at the Port's public marina. In the event of default by the Operator, the Operator shall be liable to pay all charges incurred by the Port to move or store any said vessel if moored or otherwise present in the vicinity of any facility of the Port.
13. **Costs and Attorney's Fees.** If the services of an attorney are employed, for reason of any default in the performance of any provision of this Agreement, the defaulting party shall pay all costs, expenses and reasonable attorney's fees expended or incurred in connection therewith.

In Witness Whereof, the parties have executed this agreement on this 19th day of December, 2012.

Operator's Name PACIFIC CRUISES NORTHWEST, INC.

① VICTORIA STAR

Boat Name(s) and Number(s) ② VIKING STAR ③ SALISH SEA

Type(s) PASSENGER Length(s) ① 100' ② 96' ③ 50'

Address 355 JAMES AVE City BELLINGHAM St WA Zip 98225

Office Phone 360 738 8099 Ship's Phone _____

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct and that the undersigned is authorized to sign for the Operator of the vessels described above.

For the Operator: [Signature]
 For the Port of F.H. Tami Hayes

Curriculum Vitae**Drew M. Schmidt****Credentials:**

US Coast Guard - Master of Steam or Motor Vessels up to 500 gross tons upon Inland Waters.
US Coast Guard – Mate of Steam or Motor Vessels up to 500 gross tons upon Near Coastal Waters.
US Coast Guard – Master of Sailing Vessels up to 100 gross tons.
US Coast Guard – Able Bodied Seaman.
International Maritime Organization (IMO) – STCW Officer in Charge of Navigation.
Department of Ecology – HAZWOPER emergency responder.
FCC – Commercial Radio Operator.
American Bureau of Shipping (ABS) – Certified Auditor of Safety Management Systems.

Business Experience:

Owner and Operator- Pacific Cruises Northwest, Inc. – 1992 to present.

This company operates, or has operated, both regulated and non-regulated passenger service in Washington, California, Alaska and British Columbia for over 20 years. With services and routes including:

Inaugurating an international ferry route between Bellingham, Washington and Victoria, British Columbia in 1992 and offering passenger ferry service and packaged travel between the cities until 2009.

Holder of WUTC Certificate BC-10 offering passenger and freight service to the San Juan Islands through 1998.

Managing partner of Island Commuter Service operating Certificate BC-95 and BC-10 offering passenger and freight service throughout the San Juan Islands from 1998 through 2011.

Contracted to the Whatcom Council of Governments to perform a Federal Transit Authority pilot program, providing water borne transportation services, to determine the feasibility of year-round passenger-only ferry service in north Puget Sound.

Long term active contractor to Whatcom County Ferry Division and Washington State Ferries providing relief and emergency passenger ferry service.

Launched and operated a new glacier and wildlife sightseeing tour in conjunction with the National Park Service in Kenai Fjords National Park, Seward, Alaska, from 1996 through 2000. Tour is still operating today under new ownership.

Operated race viewing excursions from San Diego, California with vessels brought from Washington to watch the America's Cup in both 1992 and 1995.

General Manager – Gray Line Cruises – 1987 to 1992.

Launched and operated a new sightseeing excursion and sport fishing operation in conjunction with the opening of the Resort Semiahmoo in Blaine, Washington. Responsibilities included; construction of docks and offices and overseeing construction of a new 300 passenger vessel, leasing additional vessels, hiring a 30 person staff, sales and marketing, and application to the WUTC for a passenger route to San Juan Island.

Captain – Hat Island Ferry, Viking Cruises and Seattle Harbor Tours – 1979 to 1987.

Affiliations:

Commissioner – Bellingham Tourism Commission

Member – Whatcom County Lodging Tax Advisory Committee

Director – Bellingham / Whatcom Tourism Bureau

Treasurer – Pacific Whale Watching Association

Member – North Sound Connecting Communities Project

Past Chairman of the Board – Bellingham / Whatcom Convention and Visitors Bureau

Past Chairman of the Board – Bellingham / Whatcom County Chamber of Commerce

Past Advisor – Port of Bellingham – Waterfront Advisory Group

Past Treasurer – Business for Economic Security, Trade and Tourism

Past Director – Economic Development Council of Bellingham

Member – Passenger Vessel Association

WASHINGTON STATE UTILITIES AND TRANSPORTATION

1300 S EVERGREEN PARK DRIVE SW, PO BOX 47250

OLYMPIA, WA 98504-7250

(360) 664-1222

This certificate authorizes the following operations under the provisions of RCW Title 81:

PACIFIC CRUISES NORTHWEST, INC
d/b/a SAN JUAN CRUISES
355 HARRIS AVE STE 104
BELLINGHAM, WA 98225

Cert No.
BC-10

PASSENGER SIGHTSEEING CRUISES

Between: North Bellingham (Squalicum Harbor) and South Bellingham (Bellingham Cruises Terminal), point to point, with a flag stop at Boulevard Park Dock.

PASSENGER AND FREIGHT SERVICE

Between Bellingham and Friday Harbor.

TS-120832

06-06-12

SERVICE DATE

JUN -8 2012

WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION



By *Janice Chen*

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

For the Operation of Motor Propelled Vehicles

pursuant to the provisions of Chapter 81 RCW

THIS IS TO CERTIFY that authority is granted to operate as a **MOTOR CARRIER** in the transportation of the commodities and in the territory described herein to

PACIFIC CRUISES NORTHWEST, INC.
d/b/a VICTORIA SAN JUAN CRUISES
355 HARRIS AVE. STE 104
BELLINGHAM, WA 98225

PERMIT NO.
BC-10

PASSENGER SIGHTSEEING CRUISES

Between: North Bellingham (Squalicum Harbor) and South Bellingham (Bellingham Cruise Terminal), point to point, with a flag stop at Boulevard Park Dock.

PASSENGER-ONLY FERRY SERVICES between Bellingham and Friday Harbor.

PASSENGER AND FREIGHT SERVICE

Between Friday Harbor and Bellingham, and between Obstruction Pass and Bellingham, with the carrying vessel touching at Obstruction Pass on voyages to and from Friday Harbor.

In conjunction with the above authority, flag stops at Eliza Island, Sinclair Island, Blakely Island, and Lopez Island. This authority to make flag stops will terminate automatically upon termination of the certificate holder's authority to provide the above service between Friday Harbor and Bellingham and between Obstruction Pass and Bellingham.

The above statements of authority exclude freight service between Obstruction Pass-Friday Harbor, Obstruction Pass-Lopez Island, and Lopez Island-Friday Harbor.

Pursuant to RCW 47.60.010(3), waiver of the ten-mile restriction is granted.

SERVICE DATE

JUL 20 2006

WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

By _____

David W. Jenner



WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Continuation

In conjunction with existing authority, flag stop service at Orcas Landing (Harney Channel, Orcas Island).

Excluding freight service between Orcas Island - San Juan Island, Orcas Island - Lopez Island, and Lopez Island - San Juan Island.

Pursuant to RCW 47.60.120 (3), waiver of the ten-mile restriction is granted.

In conjunction with the existing authority, flag stop service at Brandt's Landing (Orcas Island).

Excluding freight service between Orcas Island - San Juan Island, Orcas Island - Lopez Island and Lopez Island - San Juan Island.

TS-060133

06-07-06



WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

For the Operation of Motor Propelled Vehicles

pursuant to the provisions of Chapter 81 RCW

THIS IS TO CERTIFY that authority is granted to operate as a MOTOR CARRIER in the transportation of the commodities and in the territory described herein to

PACIFIC CRUISES NORTHWEST, INC.
d/b/a VICTORIA/SAN JUAN CRUISES
355 HARRIS AVE. STE 104
BELLINGHAM, WA 98225

PERMIT NO.
BC-10

PASSENGER SIGHTSEEING CRUISES

Between: North Bellingham (Squalicum Harbor) and South Bellingham (Bellingham Cruise Terminal), point to point, with a flag stop at Boulevard Park Dock.

PASSENGER-ONLY FERRY SERVICES between Bellingham and Friday Harbor.

TS-031996

SERVICE DATE

03-10-05

APR 20 2005

WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

By _____

Paul [Signature]



WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

For the Operation of Motor Propelled Vehicles

pursuant to the provisions of Chapter 81 RCW

THIS IS TO CERTIFY that authority is granted to operate as a MOTOR CARRIER in the transportation of the commodities and in the territory described herein to

PACIFIC CRUISES NORTHWEST, INC.
d/b/a VICTORIA/SAN JUAN CRUISES
355 HARRIS AVENUE, SUITE 104
BELLINGHAM, WA 98225

CERT. NO.
BC-10

PASSENGER AND FREIGHT SERVICE

Between: Blaine and Roche Harbor, Washington

Restrictions: Freight limited to 200 pounds per package.

PASSENGER SIGHTSEEING CRUISES

Between: North Bellingham (Squalicum Harbor) and South Bellingham (Bellingham Cruise Terminal), point to point, with a flag stop at Boulevard Park Dock.

PASSENGER AND FREIGHT SERVICE

BETWEEN: Bellingham and the San Juan Islands, with regular stops at Roche Harbor, San Juan Island, and flag stops at Blakely Island; Rosario and Deer Harbor on Orcas Island; and Lopez Island (excluding freight service between Rosario - Lopez Island and Deer Harbor - Lopez Island).

Restrictions: Freight limited to 200 pounds per package.

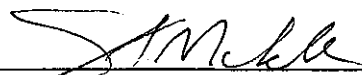
Pursuant to RCW 47.60.010(3), the waiver of the ten-mile restriction granted in this certificate is effective until May 23, 2001. This waiver shall become permanent if not appealed within thirty days after this date.

S. B. C. NO. 526

07-10-96

WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

By _____



WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

For the Operation of Motor Propelled Vehicles

pursuant to the provisions of Chapter 81 RCW

THIS IS TO CERTIFY that authority is granted to operate as a MOTOR CARRIER in the transportation of the commodities and in the territory described herein to

PACIFIC CRUISES NORTHWEST, INC.
d/b/a VICTORIA/SAN JUAN CRUISES
355 HARRIS AVENUE, SUITE 104
BELLINGHAM, WA 98225

PERMIT NO.
BC-000010

PASSENGER AND FREIGHT SERVICE

Between:

Blaine and Roche Harbor, Washington.

Restrictions: Freight limited to 200 pounds per package.

PASSENGER SIGHTSEEING CRUISES

Between:

North Bellingham (Squalicum Harbor) and South Bellingham (Bellingham Cruise Terminal), point to point, with a flag stop at Boulevard Park Dock.

PASSENGER AND FREIGHT SERVICE

Between Bellingham and Roche Harbor.

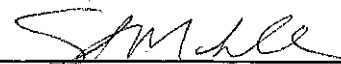
Restrictions: Freight limited to 200 pounds per package.

S. B. C. NO. 511

07-11-95

WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

By



CERTIFICATE OF SERVICE

I hereby certify that on December 20th, 2012, I caused to be served the original and nine (9) copies of the foregoing document to the following addresses via first class mail, postage prepaid to:

David Danner, Executive Director and Secretary
Policy and Legislative Issues
Washington Utilities and Transportation Commission
PO Box 47250
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

I certify I have also provided to the Washington Utilities and Transportation Commission's Secretary an official electronic file containing the foregoing document via e-mail to: records@utc.wa.gov.

I also certify that I have served via email and first class mail the foregoing document on:

Hon. Adam E. Torem
Administrative Law Judge
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
PO Box 47250
Olympia, WA 98504-7250
Phone: 360.661.1138
Fax: 360.664.2654
E-mail: atorem@utc.wa.gov

Michael Fassio
Assistant Attorney General
1400 South Evergreen Park Drive SW
PO Box 40128
Olympia, WA 98504-0128
Phone: 360.664.1192
Fax: 360.586.5522
E-mail: mfassio@utc.wa.gov

Sean McNamara
Bellingham Water Taxi
1028 17th Street
Bellingham, WA 98225
Phone: (360) 393-7123
Fax: (360) 393-7123 (same as phone number)
Email: sean@pstaxi.com

Terry Buzzard
Island Mariner Cruises
2621 S Harbor Loop Drive
Bellingham, WA 98225
Phone: (360) 734-8866
Fax: (360) 734-8867
Email: mariner@orcawatch.com

Signed at Bellingham, Washington this 20th day of December, 2012.



Drew M. Schmidt