MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

January 9, 2007

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 9th day of January, 2007, beginning at 9:30 a.m., in Rooms 104 and 105 of the Marine Biological Laboratory's Candle House, located on Water Street, Woods Hole, Massachusetts. All five Members were present: Chairman David J. Oliveira of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Chairman Robert V. Huss of Oak Bluffs; Port Council Vice Chairman S. Eric Asendorf of Falmouth; Port Council Secretary Nathaniel Lowell; and Port Council members Robert R. Jones of Barnstable and Philip H. Chase of New Bedford were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Manager of Reservations and Community Relations Gina L. Barboza; Director of Terminal and Parking Operations Mark Rozum; Director of Information Technologies Mary T.H. Claffey; Director of Security Lawrence S. Ferreira; Woods Hole Terminal Manager Kevin Smith; and General Counsel Steven M. Sayers.

Chairman's Report:

Mr. Oliveira began the meeting by asking for a moment of silence to honor the memory of Fred Raskin, the Authority's Chief Executive Officer from 2002 through 2004, who passed away on December 15, 2006. Mr. Oliveira noted how Mr. Raskin had been very important during his tenure here both to Mr. Oliveira personally and to his home port of New Bedford, observing that Mr. Raskin had brokered the compromise for the licensed service between New Bedford and Martha's Vineyard at a time when some wanted the Authority to run the service itself while many others opposed any service at all. Although Mr. Oliveira observed that the easiest thing would have been to do nothing, he recounted how Mr. Raskin had boldly moved forward and had licensed New

England Fast Ferry to provide the service, never losing his sense of humor along the way. Mr. Oliveira declared that he and the City of New Bedford would always be grateful to Mr. Raskin for his efforts.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to approve the minutes of the Members' meeting in public session on December 5, 2006.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for November 2006, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried 1.5% fewer passengers, 4.6% fewer automobiles and 5.3% more trucks (most of which were under 20 feet in length) during that month compared to November 2005.

Mr. Lamson also reported that the net operating loss for the month of November 2006 had been approximately $550,000 lower than what had been projected, due to higher vessel and terminal maintenance expenses being offset by lower health claims and fuel expense. As a result, Mr. Lamson said, the Authority's net operating income for the first eleven months of 2006 was around $8,800,000, which was approximately 1,200,000 higher than expected and also $3,800,000 higher than what the net operating income had been for the first eleven months of 2005.

M/V Island Home:

Mr. Walker reported that the exterior painting and seating of the *Island Home* were complete, and that VT Halter Marine was finalizing the interior passenger areas. (In this regard, Mr. Walker noted that the *Island Home* will have more than 600 interior passenger seats, almost double the number that the *Martha's Vineyard* has.) Mr. Walker also reported the vessel's sea trials had been postponed until the following Friday so that the shipyard could correct a noise interference problem between the vessel's engine controls and bowthruster drives, but he noted that the problem has been fixed and that everything was then working properly. Mr. Walker stated that, in addition to himself, Senior Captain Sean O'Connor, Senior Chief Engineer Robert Whelan, Captain Edward Jackson and Larry O'Rourke would be observers during the sea trials, and that Captain O'Connor, Chief Whelan and Mr. O'Rourke would also be on board the vessel during its delivery trip from Pascagoula, Mississippi to Fairhaven later that month. Mr. Walker stated that the vessel should leave Mississippi around January 25, 2007 and arrive at Fairhaven sometime during the first week of February 2007.

M/V Iyanough:

Mr. Walker reported that, during its sea trials in mid-December 2006, the *Iyanough* had performed exceptionally well, traveling at full speed up to 39-1/2 knots without any passenger load. (Mr. Walker noted that the Authority will be operating the vessel at around 34 knots when it is placed into line service.) Mr. Walker also reported that the Authority formally accepted the vessel later that month and that the vessel was being berthed at Gladding-Hearn shipyard over the winter. Mr. Walker stated that the vessel will then be brought to Fairhaven in March 2007 so that the Authority's crews can be trained on the vessel. At that time, Mr. Walker said, the Authority will also have the vessel's formal christening ceremony and will hold various open houses before the vessel goes into line service at the commencement of the 2007 Spring Schedule.

Fairhaven Vessel Maintenance Facility:

Mr. Walker reported that the entire structure of the Authority's new modular shop building at its Fairhaven vessel maintenance facility was completely finished; that the interior floor had been laid; that the interior crane had been installed; and that work was progressing on the concrete cinderblock room partitions. Mr. Walker stated that the entire project should be completed by the end of January 2007.

Proposed 2007 Fall Operating Schedules:

Mr. Lamson presented management's preliminary version of the 2007 Fall Operating Schedules (for the time period of October 18 through December 28, 2007), as set forth in Staff Summary #MCR 01-07, dated January 3, 2007, for discussion purposes only. Mr. Lamson stated that the proposed schedules were similar to this past year's fall schedules with the following changes:

(a) Martha's Vineyard Route.

- The *Island Home* would be berthed overnight in Woods Hole instead of Vineyard Haven. Both a 6:00 a.m. daily departure from Woods Hole and a 9:30 p.m. daily departure from Vineyard Haven would be added to the schedule.

- The *Katama* would be double crewed (instead of triple crewed) and run four round trips per day (instead of five round trips per day).

- The *Katama* would not be scheduled to operate on Thanksgiving or Christmas.

(b) Nantucket Route.

- Management was considering adding one more weekday round trip with a freight boat, despite the impact that the use of an additional freight boat during this period may have on the Authority's overhaul and repair schedule. Accordingly, management was also considering other means to address weekday traffic demands, such as operating an occasional additional trip and reallocating some of the available car and truck spaces.

- The freight boat on this route would not be scheduled to operate on Thanksgiving or Christmas.

In response to a question from Mr. Hanover as to how the proposed schedule for the Martha's Vineyard route compared to this past year's schedule with respect to the number of available vehicle spaces per day, Mr. Lamson stated that the proposed schedule will actually increase the number of spaces by 80 per day despite the reduction in the number of daily trips by the *Katama*. Mr. Lamson noted that this was attributable to the replacement of the *Islander* with the *Island Home*, and he further observed that by berthing the *Island Home* in Woods Hole overnight, the Authority should be able to carry trucks to the island earlier in the day, thereby allowing them to return earlier and freeing up spaces in the late afternoon.

Also in response to a request from Mr. Hanover, Mr. Lamson stated that, over the next month, management would re-evaluate the allocation of preferred spaces on the Martha's Vineyard route so that more preferred spaces could become available to island residents when they need them once the *Island Home* begins service. Specifically, Mr. Lamson said, management would attempt to reallocate as many of the preferred spaces which are not being used on certain trips to other trips where the preferred spaces are routinely sold out. Mr. Lamson stated that, in this way, hopefully everyone who needs preferred spaces to travel off-island will be able to get them. If not, Mr. Lamson said that management would then consider increasing the daily number of preferred spaces to better meet the needs of island residents.

Reservation Policies:

Mr. Lamson requested that the Members make certain changes to the Authority's current policies relative to the sale and use of 10-ride passenger ticket books, as described in Staff Summary #GM-495, dated January 3, 2007. Mr. Lamson also reported that management had reviewed these proposed changes with the Port Council at their last meeting, and that the Port Council had voted to support management's recommendations.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to approve certain changes to the Authority's policies regarding 10-Ride Passenger Ticket Books, as described in Staff Summary #GM-495, dated January 3, 2007, effective immediately, which will:

(a) make 10-Ride Passenger Ticket Books transferable among different passengers (changing the Authority's prior policy that such books were not transferable and their use was restricted to the original purchaser of each book);

(b) allow multiple coupons from the same 10-Ride Passenger Ticket Book to be used for passage by different passengers on the same trip (changing the Authority's prior policy that only one coupon from any ticket book could be used on the same trip);

(c) increase the price of a 10-Ride Passenger Ticket Book from $52.00 to $55.00 for travel on the Martha's Vineyard route, from $116.00 to $120.00 for travel on the Authority's conventional vessels on the Nantucket route, and from $230.00 to $240.00 for travel on the Authority's high-speed ferry on the Nantucket route.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Mr. Ranney asked for the Members' support to eliminate the expiration dates of the 10-Ride Passenger Ticket Books. (Currently, ticket books for the Martha's Vineyard route expire one year after purchase, and tickets books for the Nantucket route expire two years after purchase.) Mr. Ranney noted that, when the Authority changed the expiration date for the ticket books on the Nantucket route from one to two years, it sold 70% more books, and he declared that the Authority should now totally eliminate their expiration dates, which would make them similar to the ticket books sold by Hy-Line Cruises and the airlines. Mr. Ranney also stated that he did not believe the change would hurt the Authority, while at the same time it would be helpful to island residents and result in the Authority keeping up with the competition.

Mr. Marshall, however, expressed concerns over such a change, noting that there would no longer be any disincentive for passengers to buy multiple ticket books as a hedge against future price increases. Mr. Marshall suggested, that, if the Members felt that the expiration dates were too short, the Members consider extending them instead of eliminating them to reduce the Authority's financial exposure. Mr. Marshall also noted that there may be audit issues regarding the sale of ticket books without any expiration dates.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to defer discussion of the possible elimination of the expiration dates of the Authority's 10-Ride Passenger Ticket Books until the Members' next meeting, to provide management an opportunity to review the issue and make a recommendation for the Members' consideration.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

46-Ride High-Speed Ferry Passenger Ticket Book:

Mr. Lamson reported that management was also recommending that the Authority discontinue the sale of 46-Ride Passenger Ticket Books for the high-speed passenger ferry between Hyannis and Nantucket. Mr. Lamson stated that the Authority had not sold any of these ticket books in the last two years, undoubtedly due to their high cost (even though the effective discounted fare has been $12 per trip) and the requirement that all 46 of the book's tickets be used within one calendar month.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to discontinue the sale of 46-Ride Passenger Ticket Books for travel on the Authority's high-speed ferry between Hyannis and Nantucket.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

The Members then briefly discussed other types of discounted fares for the high-speed ferry that could be adopted by the Authority, such as a three-month ticket book, and also questioned whether the Authority should charge premium fares as well as offering discounted fares. Ultimately, however, the Members observed that the Authority already had a complicated fare structure, and that there were probably too many fares as it was. Mr. Oliveira, however, noted that by voting that day to allow tickets from 10-Ride Passenger Ticket Books to be transferable, the Members had adopted another family-friendly policy, and he praised Mr. Lowell for his efforts in getting that policy adopted.

Fare Change for High-Speed Ferry Passengers
Whose Cars Are Being Carried at Excursion Rates:

Mr. Lamson reported that management was also recommending that the Authority change its policy prohibiting customers who travel on excursion rates on the Nantucket route from using their excursion tickets for passenger travel on our high-speed ferry when they leave their cars to be driven on or off a conventional ferry. Currently, Mr. Lamson said, the Authority provides a voucher to Nantucket excursion customers who use the Authority's drive-on/ drive-off services that allows the two adults and two children included in the excursion fare to travel only on another conventional ferry trip. Mr. Lamson stated that management was recommending that the Authority also allow that voucher to be used on the Authority's high-speed ferry (within seven days from the date the customer's vehicle is transported), provided that the customer pays the difference between the applicable standard high-speed passenger fare and the conventional ferry passenger fare for each passenger traveling (which is currently $14.50).

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Marshall -- to allow customers traveling on excursion rates on the Nantucket route to use their excursion tickets for passenger travel on the Authority's high-speed ferry when they leave their cars to be driving on or off a conventional ferry (within seven days from the date the customer's vehicle is transported), provided that the customer pays the difference between the applicable standard high-speed passenger fare and the conventional ferry passenger fare for each passenger traveling, as recommending by management in Staff Summary #GM-496, dated January 3, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Treasurer's Report:

Mr. Davis reported that, while it was too early to have an estimate for December 2006 activity, it was reasonable to expect that the Authority will finish in the black for the 2006 calendar year, given the that the Authority's net operating income for the first eleven months of 2006 had been $8,800,000, and that the Authority had budgeted a net loss of only $3,300,000 for December 2006. Mr. Davis then reported that the Authority's passenger traffic for December 2006 was up 5.5% from the same month the previous year (with an overall annual increase of 0.4% from 2005 to 2006), that automobile traffic was also up 0.2% for the month (with an overall annual decrease of 1.3% from 2005 to 2006), and that truck traffic was down 4.2% for the month (with an overall annual increase of 8.4% from 2005 to 2006). From 1961 when the Authority was created through 2006, Mr. Davis stated that the Authority had carried 80,434,882 passengers, 13,668,264 automobiles, and 2,973,068 trucks.

Finally, Mr. Davis reported that the Authority would not be closing its December 2006 activity until the last week in January to make certain that all 2006 transactions were appropriately entered.

Procurement:

Mr. Lamson reported that management was recommending that the Members award Contract No. 24-06 for a new Parking Access and Revenue Control System to McGann Associates, Inc. of Boston, Massachusetts, in the amount of $486,283. Mr. Lamson stated that the new system will fully integrate all of the Authority's parking operations into one seamless system with numerous improved capabilities, including the ability to accept credit cards for payment, intercoms at each lane for assistance, access controls for permit holders, and back office reporting. Mr. Lamson also noted that future enhancements could include remote pay stations as well as wireless handheld units. Mr. Lamson reported that five firms had submitted proposals for this contract, that McGann Associates' proposal was one of only two that were evaluated as being "highly advantageous" to the Authority, and that its price proposal was also the lowest of all the ones that were submitted. Mr. Lamson stated that the system was expected to be installed for all of the Authority's parking lots by the beginning of May 2007.

In response to a question from Mr. Marshall, Mr. Davis stated that management had checked McGann Associates' references and had spoken with customers in this area for whom the firm recently had installed new parking lot systems. Mr. Davis also stated that he had received a Dun & Bradstreet report on the firm, and that it contained no indication that there were any issues.

Also in response to a question from Mr. Marshall, Mr. Rozum stated that, although the Authority will continue to always have an employee at the exit lanes of parking lots to help customers, the new system will allow the Authority to operate its lots with fewer personnel. Mr. Rozum said that while he was still evaluating the cost savings that will be achieved, it appeared that the savings would be significant and in the area of around $100,000 a year. Mr. Marshall declared that this project was a terrific start to the Authority's process of obtaining more sophisticated equipment in order to achieve more cost savings and lower its rates for the traveling public.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to award Contract No. 24-06 for a Parking Access and Revenue Control System to McGann Associates, Inc. of Boston, Massachusetts, the firm with the highest responsive overall rating and lowest contract pricing, for a Total Contract Price of $486,283, as recommended by management in Staff Summary #A-480, dated January 4, 2007.

VOTING	AYE	NAY
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Port Council's Report:

Mr. Huss reported that, at their last meeting, the Port Council had discussed many of the same issues that were on the agenda of Authority's meeting that day, as reflected in the minutes of the Port Council's meeting that previously had been provided to the Members. Mr. Huss also stated that the Port Council as a whole wanted to express their thanks to Mr. Jones for his dedication in serving as the Port Council's Chairman for the prior two years.

Public Comment:

Mr. Lamson then expressed his thanks to Richard Sherman for providing the Authority with photographs of not only the new *Island Home*, but also the former *Island Home* for which the new vessel has been named.

At 10:40 a.m., upon Mr. Ranney's motion, seconded by Mr. Marshall, the Members voted unanimously to adjourn their meeting without reconvening in executive session.

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

March 13, 2007

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 13th day of March, 2007, beginning at 9:30 a.m., in Rooms 104 and 105 of the Marine Biological Laboratory's Candle House, located on Water Street, Woods Hole, Massachusetts. Four Members were present: Chairman David J. Oliveira of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County. Robert S. Marshall of Falmouth was not present.

Port Council Chairman Robert V. Huss of Oak Bluffs; Port Council Vice Chairman S. Eric Asendorf of Falmouth; and Port Council member Robert R. Jones of Barnstable were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Manager of Reservations and Community Relations Gina L. Barboza; Director of Terminal and Parking Operations Mark Rozum; Director of Information Technologies Mary T.H. Claffey; Director of Engineering and Maintenance Carl R. Walker; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Chairman's Report:

Mr. Oliveira began the meeting by congratulating Mr. Lamson and everyone else who was involved in the commissioning ceremony for the *Island Home*, as well as the farewell ceremony for the *Islander*. On behalf of the Members and the Port Council, Mr. Oliveira declared that all of the Authority's employees did an exceptional job in ensuring that the residents of Martha's Vineyard and many of the Authority's other customers will have fond memories of these important events in the life of the island for many years to come.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on January 9, 2007.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
TOTAL	80 %	0 %

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for January 2007, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried 0.6% fewer passengers, 1.8% fewer automobiles and 3.6% fewer trucks during that month compared to January 2006.

Mr. Lamson also reported that the net operating loss for the month of January 2007 had been approximately $800,000 lower than what had been projected, due primarily to lower maintenance, depreciation, and fuel oil expenses. In addition, Mr. Lamson noted that the Authority's cash balance was in a good position relative to the Authority's original budget estimate and in comparison to the same time the previous year.

Fairhaven Vessel Maintenance Facility:

Mr. Walker reported that both the site work and the construction of the Authority's new modular shop building at its Fairhaven vessel maintenance facility was completely finished, but that the State Plumbing Inspector was requiring the Authority to cut up the floor and install floor drains in the building (at a cost of around $35,000) despite the fact that the local Fairhaven inspector had approved the Authority's drawings for the building's construction without any such drains. As a result, Mr. Walker said, the Authority would not be receiving an occupancy permit for the building until the extra work is completed within the next month.

In response to questions from the Members, Mr. Sayers stated that there was an ambiguity in the law regarding whether State inspectors or local inspectors had jurisdiction to enforce the State Building Code with respect to Authority-owned buildings, and that historically local inspectors had exercised such jurisdiction and the Authority had not contested their actions. Indeed, Messrs. Sayers and Walker noted that this was the first instance in their memory that a State inspector had asserted jurisdiction over an Authority-owned building. However, both Mr. Sayers and Mr. Walker expressed their opinion that, for consistency purposes, it would be preferable in the future for State inspectors rather than local inspectors to exercise jurisdiction over Authority-owned buildings.

Fairhaven Bulkhead Improvements:

Mr. Walker then reported that the Authority had obtained all of the necessary permits for the proposed bulkhead and pier improvements and dredging around the Fairhaven Vessel Maintenance Facility, and that the Authority should have the bids documents finalized by the end of April 2007. Thus, Mr. Walker said, the Authority will be ready to issue an invitation for bids for the work as soon as funding is obtained for the project.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker similarly reported that all of the permits, engineering and bid documents had been completed for the Oak Bluffs Terminal Reconstruction Project, and that the Authority was simply waiting for the necessary funding in order to issue the invitation for bids for the first phase of work.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Walker reported that Captain Edward Jackson had agreed to come back from retirement to finalize the revised bid specifications for the *Nantucket* Mid-Life Refurbishment Project so that the bid package can be issued in May 2007. Mr. Walker also reported that, over the past several months, the Authority had been performing some of the work on the vessel that had been included in the original project (particularly the dry-docking requirement) in the hope that this will attract more shipyards to bid the work. Mr. Walker stated that the goal was to obtain a better price and complete everything during the 2007-2008 off-season within budget.

Mr. Walker then reported that, upon the advice of the project's naval architect, management was recommending certain revisions to the project, as follows:

1. Instead of removing one of the two islands on the vessel's freight deck, to only relocate several stanchions. Although Mr. Walker noted that this will result in more space for only two or three more cars instead of five cars, it will cost less and allow the work on the rest of the project to be performed within a shorter time period.

2. To install a marine evacuation system on the vessel similar to what is now on the *Island Home* and the *Iyanough*. Mr. Walker noted that this will allow the Authority to evacuate passengers from the mezzanine deck on slides instead of requiring them to go down the stairs to the freight deck.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve management's proposed revisions to the M/V Nantucket Mid-Life Refurbishment Project, as described by the Director of Engineering and Maintenance at today's meeting.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**80 %**	**0 %**

Hyannis Terminal Slip Modifications:

Mr. Walker reported that management had met with the Hyannis Civic Association the previous month and was attempting to address concerns that their members had expressed about the Authority's Hyannis operations. Meanwhile, Mr. Walker said, engineering for the Authority's proposed slip improvements at the Hyannis terminal was about 75% complete. Mr. Walker stated that, after the engineering was totally complete, the Authority would then apply for the necessary permits.

Federal and State Funding:

Mr. Lamson reported that management had applied for federal funding of several of the Authority capital projects under the discretionary ferry boat and terminal funding provisions of the newly enacted "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users." Mr. Lamson stated that management had designated the Fairhaven Bulkhead Improvements and Dredging Project as the most pressing capital project for fiscal year 2007 (because of the temporary nature of the permitting approvals and dredge disposal options), and the Oak Bluffs Terminal Reconstruction Project for fiscal year 2008.

Proposed 2007 Fall Operating Schedules:

Mr. Lamson requested that the Members approve management's revised version of the 2007 Fall Operating Schedules (for the time period of October 18 through December 28, 2007), as set forth in Staff Summary #MCR 02-07, dated March 7, 2007. Mr. Lamson stated that the proposed schedules were similar to this past year's fall schedules with the following changes:

(a) Martha's Vineyard Route.

- The *Island Home* would be berthed overnight in Woods Hole instead of Vineyard Haven. Both a 6:00 a.m. daily departure from Woods Hole and a 9:30 p.m. daily departure from Vineyard Haven would be added to the schedule.

- The *Katama* would be double crewed (instead of triple crewed) and run four round trips per day (instead of five round trips per day).

- The *Katama* would not be scheduled to operate on Thanksgiving or Christmas.

(b) Nantucket Route.

- The freight boat on this route also would not be scheduled to operate on Thanksgiving or Christmas.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the 2007 Fall Operating Schedules for the period from October 18, 2007 through December 28, 2007, as set forth in Staff Summary #MCR 02-07, dated March 7, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**80 %**	**0 %**

Standby Policies on the Nantucket Route:

Mr. Lamson reported that management had implemented certain changes to the Authority's standby policies on the Nantucket route to reduce the inconvenience for customers who travel on a standby basis. As a result, Mr. Lamson said, once customers add their names to the standby list on Nantucket, they no longer have to come back to the terminal for each and every trip until there is space available for them to board. Instead, Mr. Lamson stated that the Authority was now requiring them to come back only when there is a chance that they will able to be boarded, and customers can now check the Authority's website or call a special telephone number to find out that information. Further, Mr. Lamson reported that, at the Hyannis terminal, customers no longer have to remain with their vehicles at the terminal while in standby. If they want to leave the terminal, they similarly can check the

Authority's website or call a special telephone number to find out when they need to return.

Mr. Ranney declared that he thought management's changes to the standby policies on the Nantucket route were great. Mr. Ranney noted that the changes will be very helpful for the Authority's standby customers, who can now go to dinner or a movie while they are waiting to travel on a standby basis.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve management's changes in the Authority's standby policies for the Nantucket route, as set forth in Staff Summary #GM-497, dated March 7, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**80 %**	**0 %**

Allocation of Preferred Spaces on the Martha's Vineyard Route:

Mr. Lamson reported that, at Mr. Hanover's request, management had analyzed the use of seven-day and one-day preferred spaces on the Martha's Vineyard route and, as a result of that analysis, had re-allocated those spaces to make more available to island residents traveling off-island in the morning. Mr. Lamson stated reported that management also had converted a number of one-day preferred spaces to seven-day preferred spaces to allow more island residents to plan ahead.

Mr. Hanover declared that he was very pleased with management's changes, and that he hoped the Authority will be able to increase the number of preferred spaces on the new *Island Home* as well.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve management's changes to the Authority's allocation of preferred spaces on the Martha's Vineyard route and the redistribution of seven-day and one-day preferred spaces on that route, as set forth in Staff Summary #GM-499, dated March 7, 2007.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
TOTAL	80 %	0 %

Tisbury Park and Ride Service:

Mr. Lamson requested that the Members approve the renewal of the Authority's agreement with the Town of Tisbury and the Martha's Vineyard Transit Authority providing for the operation of the Tisbury Park and Ride Service for 2007. Mr. Lamson noted that there had been a 20% increase in the number of people using the service in 2006 (to more than 77,000 passengers), and that the Authority had contributed around $67,000, one-half of its cost.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve a new agreement with the Town of Tisbury and the Martha's Vineyard Transit Authority for the continuation of the Tisbury Park and Ride Service during 2007, as recommended by management in Staff Summary #GM-498, dated March 7, 2007, and to authorize the General Manager to execute the agreement in substantially the form attached to that staff summary.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
TOTAL	80 %	0 %

10-Ride Passenger Ticket Books for the Nantucket Route:

Mr. Lamson reported that, at Mr. Ranney's request, management had reviewed the issue of whether the Authority should eliminate the two-year expiration date for all 10-Ride Passenger Ticket Books on the Nantucket route and that management was now recommending that it should in fact do so effective immediately. Mr. Lamson stated that when he reviewed the situation, he had concluded, along with Mr. Ranney and Nantucket Port Council member Nathaniel Lowell, that the Authority needed to make its commuter books on this competitive route more "customer friendly" in the same manner as Hy-Line and the airlines do, and that this change would not significantly hurt the Authority financially due to the fact that the ticket book coupons are now transferable among customers.

Mr. Ranney declared that, in his opinion, this change was the best thing that has happened to the Authority in years, and he thanked management for listening to the arguments that he and Mr. Lowell had made on behalf of all Nantucketers.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to approve the elimination of expiration dates relative to the use of 10-Ride Passenger Ticket Books on the Nantucket route effective immediately, as recommended by management in Staff Summary #GM-500, dated March 8, 2007.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
TOTAL	80 %	0 %

Customer Policies and Procedures Handbook:

Mr. Lamson presented the Members with management's initial draft of a comprehensive Customer Policies and Procedures Handbook, dated February 21, 2007, which he said will help the Authority standardize its practices, serve as a training tool for new employees, be a valuable source of information for the Authority's customers, and allow the Authority to identify potential problems (in terms of both customer service and operations) that need to be changed. Ultimately, Mr. Lamson said, management will post the handbook on the Authority's website and update it as often as needed.

Mr. Oliveira cautioned, however, that no handbook can possibly foresee all the unusual situations that might arise at the Authority and that the Terminal Managers need to retain their authority and discretion to take whatever measures they believe are necessary and appropriate to accommodate customers in distress. The Members also suggested that the Authority's website contain a page of the Authority's "most frequently read" policies for the convenience of its customers.

Disposition Sale of the M/V Islander:

Mr. Lamson then requested that the Members declare the *Islander* to be surplus property in order to allow management to issue an invitation for bids for its sale. Mr. Lamson stated that, after obtaining a survey of the vessel, management will place advertisements of its availability in several widely distributed publications, and hopefully be in the position to present the Members with a recommendation for the vessel's disposition by July 2006. Although Mr. Lamson acknowledged that many people have an attachment to the *Islander*, he observed that it simply is not practical for the Authority to continue maintaining it. For example, Mr. Lamson said, insurance premiums for the vessel are more than $200,000 a year, while its maintenance expenses have been exceeding $500,000 a year, and it will also need to be dry-docked in 2008 in order to maintain its Certificate of Inspection.

In response to questions from the Members, Mr. Lamson stated that the vessel survey would also estimate the vessel's scrap value. Mr. Hanover then stated that he had told the Martha's Vineyard Museum that, if the Authority were to scrap the *Islander*, he would ask that the museum be given the vessel's pilot house. However, Mr. Lamson cautioned that, if the vessel were sold as an operating vessel, the pilot house and all of the vessel's other artifacts would have to be included as part of the sale.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to formally declare the *Islander* to be surplus property and to authorize management to issue an invitation for bids for the vessel's sale in accordance with the Authority's Procurement Policy.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
TOTAL	80 %	0 %

Treasurer's Report:

Mr. Davis reported that the Authority's auditors were still reviewing the Authority's activity for 2006, but that it appeared the Authority's net operating income for 2006 would be around $6,250,000, or approximately $4,800,000 higher than the Authority's 2005 net operating income and $2,000,000 higher than projected in the 2006 operating budget. Mr. Davis noted that operating revenues had increased by $5,700,000 in 2006, and that operating expenses had increased by $2,100,000, primarily due to higher maintenance expenses for repairs to the Woods Hole, Vineyard Haven and Hyannis docks, and dry-docking expenses for the *Martha's Vineyard* and *Sankaty*.

Mr. Davis then reported that the Authority's passenger traffic for February 2007 was up 1.1% from the same month the previous year, that automobile traffic was down 0.1% for the month, and that truck traffic was down 8.0% for the month. The net operating loss for the month of February 2007 was expected to be around $1,900,000, or approximately $850,000 lower than what had been projected for the month.

Procurement:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract No. 03-07 for bulkhead and fender repairs at the Woods Hole terminal to the lowest eligible and responsible bidder for the contract, C. White Marine, Inc. of Danvers, Massachusetts, for a Total Contract Price of $398,950, as recommended by management in Staff Summary #E 2007-1, dated February 15, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**80 %**	**0 %**

Amendment to Engineering Contract for the Oak Bluffs Terminal Reconstruction Project:

Mr. Walker then requested the Members to approve an amendment to the Authority's contract with the Maguire Group to manage the design and engineering for the Authority's Oak Bluffs Terminal Reconstruction Project, increasing the total price by $414,773 from $1,712,000 (which was established in 1999) to $2,126,773. Mr. Walker stated that among the reasons for the amendment have been the unanticipated extended permitting process and the number of design modifications that have taken place over the last eight years. Mr. Walker also noted that the Authority was now separating the project into three construction phases and using "Spin Fin" piles for the large diameter piles. Mr. Walker stated that the use of such piles will decrease the length of the piles required for the load bearing capacity and, consequently, shorten the construction schedule and decrease construction cost by around $500,000.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to authorize the amendment of the Engineering Contract with The Maguire Group, Inc. for the Oak Bluffs Terminal Reconstruction Project, as requested by management in Staff Summary #E 2007-02, dated March 8, 2007, thereby increasing the Total Contract Price of the contract to $2,126,733.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**80 %**	**0 %**

Procurement:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract No. 05-07 for No. 2 diesel fuel suitable for marine service, home heating fuel and bio-diesel for buses to the lowest eligible and responsible bidder for the contract, Canal Fuel Company of Sagamore, Massachusetts, as recommended by management in Staff Summary #A-481, dated March 8, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**80 %**	**0 %**

Port Council's Report:

Mr. Huss reported that, at their last meeting, the Port Council had discussed many of the same issues that were on the agenda of Authority's meeting that day, as reflected in the minutes of the Port Council's meeting that previously had been provided to the Members.

Public Comment:

In response to questions from the audience, Mr. Lamson stated that the christening and commissioning ceremony for the *Iyanough* would take place on Nantucket beginning at 11:00 a.m. on Saturday, March 24, 2007; that the lift decks on the *Island Home* were currently being used as reserved capacity in the event of cancellations, although they would be used periodically over the next few months so that the vessel's crews will be familiar with their operations; and that the Authority was continuing to have discussions with several individuals who had expressed interest in purchasing the *Flying Cloud*.

At 10:56 a.m., Mr. Oliveira entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanvoer -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, contract negotiations with nonunion personnel, and the deployment of security personnel and devices.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**80 %**	**0 %**

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

May 1, 2007

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this first day of May, 2007, beginning at 9:30 a.m., in the Large Group Instruction Room of the Nantucket High School, located at 10 Surfside Road, Nantucket, Massachusetts. Four Members were present: Chairman David J. Oliveira of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County. Robert S. Marshall of Falmouth was not present.

Port Council Chairman Robert V. Huss of Oak Bluffs; Port Council Secretary Nathaniel Lowell; and Port Council members Robert R. Jones of Barnstable and Philip H. Chase, Jr. of New Bedford were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Manager of Reservations and Community Relations Gina L. Barboza; Director of Terminal and Parking Operations Mark Rozum; Director of Information Technologies Mary T.H. Claffey; Director of Engineering and Maintenance Carl R. Walker; Director of Marketing Kimberlee McHugh; Director of Security Lawrence S. Ferreira; Director of Human Resources Phillip J. Parent; Nantucket Terminal Manager Elaine Mooney; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on March 13, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**80 %**	**0 %**

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for February 2007, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had incurred a net operating loss that month that was $1,000,000 lower than what had been projected in the Authority's 2007 Operating Budget, due primarily to lower maintenance, depreciation and fuel oil expenses, lower employee medical claims, and the rescheduling of repairs to the dolphins at the Nantucket terminal.

Mr. Lamson then reported that the Authority had incurred a net operating loss for the month of March 2007 that was $300,000 higher than what had been projected, due primarily to higher dry-dock expenses for the *Nantucket* and the *Katama*, and additional training expenses in connection with the introduction of the Authority's two new vessels, the *Island Home* and the *Iyanough*. As a result, Mr. Lamson said, the Authority's net operating loss for the first quarter of 2007 had been around $6,000,000, approximately $1,500,000 lower than what had been projected.

Finally, Mr. Lamson reported that, since the Members' last meeting on March 13, 2007, the Authority had christened, commissioned and placed into line service the *Iyanough*, and had received an occupancy permit for the new modular/prefabricated maintenance shop building at its vessel maintenance facility in Fairhaven, Massachusetts.

Fairhaven Bulkhead and Pier Improvements:

Mr. Lamson announced that the Executive Office of Transportation had awarded the Authority $1,500,000 for its Fairhaven Bulkhead Improvement Project in response to the Authority's application under the Commonwealth's FY07 Water Transportation Capital Improvement Grant program. (Mr. Lamson also noted that the entire project, including subsequent dredging around the facility, is expected to cost around $6,500,000.) Mr. Lamson then read the letter that the Authority had received from Secretary of Transportation Bernard Cohen announcing the grant, in which Secretary Cohen he had declared that this project "is an example of the Authority's sustained commitment to the sound maintenance of its operations, which provide significant transportation and economic benefits to the Commonwealth."

Mr. Lamson reported that the Authority was already prepared to issue an invitation for bids for the bulkhead and pier improvement work, and that the anticipated bid opening date for the contract would be sometime in June so that the contract can be awarded by the Members' at their next meeting on June 19, 2007. Mr. Lamson also reported that the contract should then be completed by the end of the year.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Lamson reported that the bid opening date for the *Nantucket* Mid-Life Refurbishment Project would be scheduled for July so that the contract can be awarded by the Members at their July 17, 2007 meeting. Mr. Lamson stated that the cost of the project was estimated to be around $6,600,000, and that the project would be completed during the 2007-2008 off-season.

Oak Bluffs Terminal Reconstruction Project:

Mr. Lamson reported that the Authority was also prepared to go forward with the first phase of the Oak Bluffs Terminal Reconstruction Project, which was expected to cost around $4,800,000. Mr. Lamson stated that the bid opening date for the contract would also be in July so that the contract can similarly be awarded by the Members at their July 17, 2007 meeting, and that the work would then commence in the fall of 2007 and be completed by the end of April 2008. In response to a question from Mr. Hanover, Mr. Lamson stated that the bid package for the first phase of the project was ready to be issued, and that all of the project's permits were already in place.

Funding of the Authority's Capital Projects:

In response to a question from Mr. O'Brien, Mr. Lamson stated that the Authority would not be able to fund all of its capital projects by issuing bonds, as the Authority's current bond limit was only $75,000,000 and it then had around $60,000,000 in bonds outstanding. However, Mr. Lamson declared that he was optimistic the Authority would be able to fund all of its projects through a combination of bond anticipation notes, fund transfers, proceeds from the sale of the *Flying Cloud* and the *Islander*, and additional federal and/or state funding assistance.

Amendment to the Agreement with the
New Bedford Harbor Development Commission:

Mr. Lamson asked the Members for authorization to enter into an amendment of the Authority's agreement with the New Bedford Harbor Development Commission ("NBHDC") so that all of NBHDC's expenses in operating the Whale's Tooth Parking Lot could be included in the calculation of that parking lot's net operating revenue, instead of only allowing $260,000 of those expenses to be included in the calculations. In this regard, Mr. Lamson recounted how, when the original agreement was entered into in 2003, the parties had agreed to the $260,000 cap on such expenses because everyone thought it was a reasonable estimate of what it would cost to operate the lot on an annual basis. However, Mr. Lamson said, the actual and reasonable expenses that since have been incurred in operating the lot consistently have been higher than $260,000 per year, and he stated that he felt it would not be fair to continue insisting on the cap. (The Authority shares the lot's net operating revenues with the NBHDC, with NBHDC now receiving 60% and the Authority receiving 40%.) Mr. Lamson further advised the Members that the NBHDC would also be taking several measures in an attempt to lower the parking lot's expenses, such as closing the lot during the winter and allowing patrons of the New England Fast Ferry to park at the State Pier.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to authorize the General Manager to execute an amendment to the Authority's Memorandum of Agreement with the New Bedford Harbor Development Commission to eliminate the current $260,000 cap on total operating expenses and the additional $15,000 deduction for increased shuttle capacity in the calculation of the net operating revenues to be shared with the Authority from the operation of the Whale's Tooth Parking Lot, and to allow the parking lot to be closed in the off season, as described in Staff Summary #GM-503, dated April 25, 2007.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
TOTAL	80 %	0 %

Invitation for Bids for the Sale of the M/V Islander:

Mr. Lamson then asked the Members for authorization to issue an invitation for bids for the *Islander* that would require the Authority to sell the vessel to the highest eligible and responsible bidder if the bid received is higher than $750,000, which Mr. Lamson noted was the amount that a recent survey had estimated to be the vessel's value. Mr. Lamson noted that, because the same survey had estimated the vessel's scrap value to be only around $200,000, management expected that any bidder who submits a bid of more than $750,000 will be interested in continuing to operate the vessel rather than using it for scrap. Mr. Lamson also noted that the Authority would then publicly open all bids received for the *Islander* on July 10, 2007.

Mr. Walker noted that renewing the *Islander's* certification of inspection from the United States Coast Guard would cost around $7,500, but he stated that the renewal would be necessary if the vessel were purchased by someone who wants to continue to operate it in this country. Although acknowledging that he agreed with management's recommendation, Mr. Hanover expressed his hope that whoever purchases the *Islander* will be sensitive to the public's desire to be able to buy back many of the vessel's artifacts.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to authorize the General Manager to issue an Invitation for Bids for the Purchase and Sale of the M/V Islander, Contract No. 07-07, in the form attached to Staff Summary #L-361, dated April 25, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**80 %**	**0 %**

Eligibility Requirements for Excursion Rates:

Mr. Lamson then recounted how the Authority last year had expanded the eligibility for excursion fares to include vehicles less than 22 feet, but had neglected to include cube vans and dump trucks less than 22 feet in length with those other eligible vehicles. Accordingly, Mr. Lamson said, he was recommending that the Authority correct this omission now, noting that those cube vans and dump trucks, like all other vehicles traveling on excursion rates, will still be prohibited from traveling for commercial or business purposes.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve a change in the Authority's policy to allow cube vans and dump trucks less than 22 feet in length to be eligible for automobile excursion rates, provided that the vehicle is not being used for commercial or business purposes, as recommended by management in Staff Summary #GM-502, dated April 25, 2007.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
TOTAL	80 %	0 %

Treasurer's Report:

Mr. Davis reported that passenger, automobile and freight traffic to both islands was down from last year during the first three weeks of April, but he also reported that the Authority since carried 18.5% more passengers between Hyannis and Nantucket this past Daffodil Weekend as compared with last year, and that during April the Authority had sold 197 10-ride passenger ticket books for the *Iyanough* as compared to the 46 ticket books it sold during April 2006 for the *Flying Cloud*. Mr. Davis further reported that, while it was too early in May to have a projection for April's financial activity, it appeared that revenue would be less than budgeted due to the drop in traffic and that fuel costs similarly would be slightly lower than budgeted. In this regard, Mr. Davis noted that the Authority's 2007 Operating Budget had projected a $1,000,000 net operating loss for the month of April.

Port Council's Report:

Mr. Huss reported that, at their last meeting, the Port Council had discussed many of the same issues that were on the agenda of Authority's meeting that day, as reflected in the minutes of the Port Council's meeting that previously had been provided to the Members. Mr. Huss noted that the Port Council had also discussed a request for the Authority to extend the time limit on excursion travel from 28 days to three months, but had concluded that the Authority should leave the time limit as it currently exists, since it reflects the reason for providing excursion rate travel, namely, to allow island residents to travel off-island to do something in a short period of time and return home.

Mr. Huss also reported that the Port Council would be reviewing various issues regarding the barge unloading operations at the Nantucket terminal, including the barge unloading rates currently being charged by the Authority. As part of this review, Mr. Huss said, the Port Council had invited all barge operators who use the Authority's Nantucket facilities to make a presentation at their next meeting to describe the problems they are confronting (including information about their expenses and storage capabilities), their suggested solutions for those problems, and the reasons for those solutions. Mr. Huss stated that the Port Council would then develop recommendations with management regarding this subject for consideration by the Members.

Finally, Mr. Huss reported that a part of the Oak Bluffs pier had washed up on the beach during a storm the previous month, and he commended the Authority's employees for removing the debris from the beach so quickly and professionally. Mr. Huss also stated that the Port Council had expressed their thanks to all of the employees for the excellent work they had done on the commissioning ceremonies for both the *Island Home* and the *Iyanough*.

Old Business:

In response to a question from Mr. Ranney, Mr. Rozum reported that the initial problems that had been encountered with the Authority's new standby procedures in Hyannis had been worked out the previous weekend. Further, Mr. Lamson reported that management was continuing to finetune the free wireless internet service on the *Iyanough* and was also looking into how the Authority can make the best use of the television screens in the passenger areas. Mr. Walker reported that the vessel's fuel consumption had been very good, that it had been operating at around 70% of total horsepower, and that no mechanical problems had interrupted service.

Mr. Lowell expressed his thanks to the employees on the *Iyanough* for making announcements on board the vessel themselves instead of playing a taped message, declaring that it provides a welcome human element to each voyage.

Public Comment:

Nantucket resident Timothy Madden declared that most of Nantucket residents believed that the Authority had become a much more user-friendly operation over the past few years. Indeed, Mr. Madden said, he had even bought a commuter ticket book for the *Iyanough*, which he said spoke very well of the Members, management and Mr. Lamson.

In response to a question from the audience, Mr. Lamson stated that the *Flying Cloud* was not being mothballed, but that its systems continued to be started up on a regular basis. Mr. Lamson also stated that he was continuing to receive offers for the vessel.

At 10:16 a.m., Mr. Oliveira entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, contract negotiations with nonunion personnel, and the deployment of security personnel and devices.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**80 %**	**0 %**

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

June 19, 2007

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 19th day of June, 2007, beginning at 9:30 a.m., in the first floor meeting room of the Oak Bluffs Public Library, located at 56R School Street, Oak Bluffs, Massachusetts. All five Members were present: Chairman David J. Oliveira of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council members Robert R. Jones of Barnstable and Philip H. Chase, Jr. of New Bedford were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Manager of Reservations and Community Relations Gina L. Barboza; Director of Information Technologies Mary T.H. Claffey; Director of Engineering and Maintenance Carl R. Walker; Director of Marketing Kimberlee McHugh; Director of Human Resources Phillip J. Parent; Vineyard Haven Terminal Manager Bridget Tobin; and General Counsel Steven M. Sayers.

Certificate of Appreciation to Lieutenant Robert Moore:

Mr. Lamson presented a certification of appreciation from the Authority to Lieutenant Robert Moore of the Massachusetts State Police for his actions on Sunday, June 10, 2007. Mr. Lamson recounted how Lieutenant Moore had been off duty and in civilian clothes that day at the Woods Hole terminal to go home on the *Martha's Vineyard*, when he received word of a disturbance on the gangway involving three men who had assaulted a passenger. At that point, the men were returning to the terminal and threatening Authority employees as well. When Lieutenant Moore identified himself as a police officer, he was immediately punched by one of the men before he was able to bring the man under control. Pilot/Mate Steve Estrela then controlled one of the other men who appeared ready to enter the fracas. Upon arrival of the Falmouth Police, two of the men were arrested and the third was placed in protective custody.

Mr. Lamson declared that the Authority was grateful to Lieutenant Moore who, at risk to his own personal safety, acted so swiftly and effectively to a situation that could have rapidly deteriorated, and that the Authority was also grateful to the crew of the *Martha's Vineyard* that day, especially Steve Estrela, who also boldly responded to the situation with the utmost professionalism

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on May 1, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**80 %**	**0 %**

Mr. Marshall abstained from voting on the minutes.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for April 2007, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried 4.7% fewer passengers, 4.3% fewer automobiles and 9% fewer trucks during that month compared to April 2006.

Mr. Lamson also reported that the net operating loss for the month of April 2007 had been approximately $818,000, around $173,000 lower than what had been projected, due to lower operating expenses in almost every major category despite the fact that revenues had been lower than budgeted. As a result, Mr. Lamson said, the Authority's net operating loss for the first four months of 2007 had been around $6,875,000, approximately $1,694,000 lower than what had been projected.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker reported that an invitation for bids already has been issued for the first phase of the Oak Bluffs Terminal Reconstruction Project, and that the bids will be opened on July 10, 2007 so the contract can be awarded by the Members at their July 17, 2007 meeting. Mr. Walker also noted that the first phase work, which is anticipated to cost around $5,000,000, includes the replacement of the transfer bridge and the head and turning dolphins, the addition of two vehicle lanes on the north side of the pier, and an electrical upgrade. Mr. Walker stated that the first phase work will commence in the fall of 2007 and be completed by the end of April 2008.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Walker reported that four shipyards had taken out bid packages for the *Nantucket* Mid-Life Refurbishment Project and that bids will be opened on July 5, 2007 so that this contract can similarly be awarded by the Members at their July 17, 2007 meeting. Mr. Walker noted that the cost of the project was estimated to be around $6,600,000, and that the project will be completed during the 2007-2008 off-season.

Hyannis Terminal Slip Modifications:

Mr. Walker reported that management already had met with the Hyannis Civic Association and the Waterways Committee regarding the Authority's Hyannis Terminal Slip Modifications Project, and that it would also be meeting with the Barnstable Conservation Commission regarding the project on June 26, 2007. In addition, Mr. Walker said, management was in the process of preparing an Environmental Notification Form for the project, which would also need a permit from the United States Army Corps of Engineers.

Proposed 2008 Winter and Spring Operating Schedules:

Mr. Lamson reviewed management's initial version of its proposed 2008 Winter and Spring Operating Schedules, as set forth in Staff Summary #MCR 2-07, dated June 13, 2007, although he noted that the Members did not need to approve the schedules until their next meeting in July 2007. Mr. Lamson advised the Members that, as currently proposed, the schedules reflect the following changes to the 2007 Winter and Spring Operating Schedules:

A. With respect to the schedules for both routes:

1. The commencement of the 2008 Spring Schedule would be delayed until April 3, 2008 instead of starting during the last week of March 2008.

2. The commencement of the 2008 Summer Schedule would be delayed until May 21, 2008 instead of starting in early to mid-May 2008.

3. The freight boats would not operate on New Year's Day, but would be scheduled to operate on the other holidays.

B. With respect to the Martha's Vineyard schedules:

The *Island Home* would continue to berth overnight in Woods Hole during the 2008 Winter Operating Schedule (making seven round trips per day), to remain consistent with its daily sailing schedule during the other seasons of the year.

C. With respect to the Nantucket schedules:

1. During the winter schedule, the freight boat would have two single crews, allowing a third daily freight trip to be operated Mondays through Fridays as needed.

2. During the spring schedule, the second freight boat (the *Sankaty*) would have one single crew, with a second daily freight trip with that vessel scheduled in advance on Tuesdays, Thursdays and Fridays, and the availability of a second daily freight trip on Mondays and Wednesdays as needed.

3. The Authority's high-speed passenger service between Hyannis and Nantucket with the *Iyanough* would commence April 15, 2008 instead of during the last week of March 2008.

Later in the meeting, David Faus, the Headmaster of Falmouth Academy, advised the Members that Falmouth Academy would support the Authority's consideration of having ferries leave Woods Hole on an hourly basis if at some point in the future the Authority felt that were operationally desirable. In this regard, Mr. Faus noted that Falmouth Academy has 26 students that commute by ferry every day from September through June, and that the Authority has been very accommodating in holding the 2:30 p.m. ferry on Fridays so that they can get home to island promptly after school. On the other days, however, about one-half of the students (those who are not participating in athletics) have to wait until the 3:45 p.m. ferry, and Mr. Faus stated that a 3:00 p.m. ferry would make a big difference to them.

However, Mr. Lamson noted that while the Authority obviously would like to accommodate those students with a 3:00 p.m. ferry, there were significant operational issues involved. For example, Mr. Lamson said, delaying the current 2:30 p.m. ferry to 3:00 p.m. would extend the sailing day beyond what is allowed by the Coast Guard. Although the Authority might try to offset that additional time by reducing the vessel's turnaround times, Mr. Lamson stated that it probably would also be necessary to reduce the vessel's transit time, which would result in higher fuel consumption.

Tisbury Park and Ride Agreement:

Mr. Lamson requested that the Members approve a modification to the Authority's agreement with the Martha's Vineyard Regional Transit Authority and the Town of Tisbury for the operation of the Tisbury Park and Ride so that the Town can charge commercial vehicles over twenty feet in length for parking overnight at the Tisbury parking lot. (Without this modification, Mr. Lamson noted, the Town would remain required to make the lot available free of charge to all persons who wish to park their vehicles there for seven calendar days or less.) Mr. Lamson observed, however, that the Authority had originally agreed to pay one-half of the cost of operating the service because neither the Transit Authority nor the Town derives any revenues from it. Therefore, Mr. Lamson said, if the Town now begins to derive substantial parking revenues from the lot as a result of this modification, next year the Authority may have to reconsider the amount it contributes.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to authorize the General Manager to execute a new one-year agreement with the Martha's Vineyard Regional Transit Authority and the Town of Tisbury in substantially the same form as last year's agreement except that the agreement shall allow the Town of Tisbury to charge for commercial trucks over twenty fee in length that are parking in the lot overnight, as recommended by management in Staff Summary #GM-504, dated June 12, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Nantucket Terminal Barge Unloading Rates and Policies:

Mr. Lamson reported that the Port Council, at their last meeting, had reviewed the Authority's current policies and rates regarding the barge unloading activities at the Nantucket terminal, and had also invited barge operators to the meeting so that they could discuss any issues and concerns that they might have. Ultimately, Mr. Lamson said, the Port Council had voted unanimously to ask management to review two basic issues:

(a) whether the Authority should replace its current on-season/off-season barge unloading rates with one flat year-round rate and, if so, what that flat year-round rate should be; and

(b) whether the Authority should change its reservation method for the use of the Nantucket terminal for barge unloading operations in any way (including whether it should require deposits for reservations, whether barge operators should forfeit those deposits if they cancel their reservations without adequate advance notice, and what the amount of any required advance notice should be).

Mr. Lamson further reported that, because it appeared likely that the Authority will end up replacing its current on-season/off-season barge unloading rates with one flat year-round rate, the Port Council also voted to recommend to the Members that they continue charging the Authority's off-season barge unloading rate ($4.00 per ton) and forego charging the summer season barge unloading rate ($8.00 per ton) until such time as the Authority implements a new flat year-round rate. Mr. Lamson stated that management agreed with both of the Port Council's recommendations, and was already reviewing the two issues that had been identified by the Port Council.

Messrs. Ranney and O'Brien observed that the principal problem with the Authority's current rate structure that includes a higher rate during the summer was that it simply did not work to reduce barge unloading operations during the summer because the barge operators have very limited ability to stockpile aggregate. Accordingly, they expressed their concern that the higher summer rate might result in aggregate haulers choosing to truck their product on the Authority's ferries rather than transporting it by barge it to Nantucket, and that was a result neither of them wanted to see.

On behalf of the Members, Mr. Oliveira thanked the Port Council for looking into this subject so seriously. He also observed that all of the barges unloaded at the Nantucket terminal originate from New Bedford, which showed the strong partnership that exists between those communities. Mr. Ranney agreed, and also asked Mr. Lamson to adjust the bills of any barge operators who already have been charged the higher summer rate prior to this meeting.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to approve the recommendations of the Port Council, as described in Staff Summary #GM-505, dated June 13, 2007, including their recommendation to continue charging the off-season barge unloading rate until such time as the Authority implements a new flat year-round rate.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

2008 Budget Policy Statement:

Mr. Davis asked that the Members adopt management's proposed 2008 Budget Policy Statement, as set forth in Staff Summary #A-482, dated June 11, 2007, to provide the guidelines for management to follow while preparing the 2008 Operating Budget. Mr. Davis also reviewed certain of the guidelines included in that statement, as follows:

(a) Estimated operating revenues will be based on actual traffic statistics for the most recent 12-month period then available. Adjustments to those statistics will be made only if, by August, there is an identifiable change in traffic trends on the *Iyanough* passenger service.

(b) The proposed operating budget will be based on the operating schedules as currently proposed through May 20, 2008, plus operating schedules from May 21, 2008 through the end of the year similar to this year's schedules.

(c) The vessels that will require scheduled dry-dockings in 2008 are the *Martha's Vineyard*, the *Katama*, the *Eagle* and the *Gay Head*.

(d) The more significant terminal repairs in 2008 are expected to be the dolphin and dock repairs at the Nantucket terminal.

(e) The Authority will continue to provide training to its personnel at levels which ensure safe and efficient operations. In particular, vessel crews will continue to be trained in "STCW-95" basic safety on a rotating basis over a five-year period. The cost of customer service training, sensitivity training, radar training, rescue boat training, oil spill response training and bridge resource management will also be included in our proposed budget.

(f) The budget will reflect the continuation of employee contributions equal to 5% of the expected cost of their medical coverage.

(g) While the Authority will continue to maintain the same types of advertising placements currently used, management will re-evaluate the core emphasis of the advertising program to determine the appropriate mix of media usage. These include billboards, television, radio, newspapers, magazines, internet and regional Chamber of Commerce guide books.

(h) There are no indications that the Authority will see any significant reduction during 2008 in the current crude oil prices. Accordingly, management will continue to make fuel and energy conservation a priority in both land and sea operations.

(i) Depending upon available resources, we may need to issue bond anticipation notes later this year for the mid-life refurbishment of the *Nantucket*, and may also need to issue additional bond anticipation notes during 2008 for the mid-life refurbishment of the *Eagle*.

(j) We will continue to pursue other potential income sources, including revenue from website advertising, the display of publications, merchandising and video game operations.

(k) We will fund next year's cash transfers to the Replacement Fund in the amount of last year's depreciation expense, which is around $5,300,000, but not to exceed our projected depreciation expenses for 2007, which is currently estimated at $7,500,000.

(l) As a last resort, the 2008 Operating Budget will include additional revenues needed from proposed rate increases in order for the Authority to adequately cover next year's projected cost of service.

Mr. Davis also noted that a preliminary draft of the budget will be presented to the Members for discussion at their September 2007 meeting, and that the Members will be asked to approve a final version of the budget at their October 2007 meeting.

Mr. Marshall stated that he would like the Authority to spend some time on its advertising program, declaring that he strongly believed the Authority should continue to be very aggressive. Mr. Marshall also cautioned Mr. Davis on having too low an estimate for the cost of fuel oil, observing that there was then no significant pressure to reduce the price of oil by regulatory means despite the fact that it was then $70 a barrel. Mr. Marshall stated that, for budgetary purposes, it certainly would not be rational to think that the price will be lower than it already is.

In response to a question from Mr. Oliveira, Mr. Lamson stated that management was planning to have a customer information system installed by next year using monitors in each of the Authority's terminals to disseminate current operational information and manage customer inquiries. However, that system may not appear in the budget, Mr. Lamson said, because it instead may be treated as an additional revenue source.

Also in response to a question from Mr. Oliveira, Mr. Lamson stated that he recently had conversations with Boston Culinary Group about beginning a limited merchandising program this summer on a trial basis, assuming that the Authority can develop a product line that will sell based upon its own brand rather than the Cape and Islands. Mr. Marshall cautioned, however, that the Authority not start the program until it was fully ready to do so, observing that management already had enough to do. But Mr. Ranney agreed with Mr. Oliveira that the merchandising program should be started as soon as possible in order to reduce the pressure on raising the Authority's rates.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to adopt the 2008 Budget Policy Statement as proposed by management in Staff Summary #A-482, dated June 11, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Treasurer's Report:

Mr. Davis reported that the Authority recognized $500,000 in net operating income for the month of May 2007, with revenues around $290,000 more than budgeted (primarily due to larger trucks on the Nantucket route) and expenses around $220,000 higher than budgeted (primarily due to dolphin and dock work at the Woods Hole terminal and motor vehicle repairs). As a result, Mr. Davis said, the Authority's net operating loss for the first five months of 2007 was $6,400,000, around $1,700,000 lower than projected.

Fairhaven Bulkhead and Pier Improvements:

Mr. Lamson asked the Members to award the contract for the Authority's Fairhaven Bulkhead and Pier Improvements project to the lowest eligible and responsible bidder for the contract, AGM Marine Contractors, Inc., of Mashpee, Massachusetts, whose bid was in the amount of $4,498,990. Mr. Lamson also advised the Members that management had rejected the low bid for the contract that had been submitted by LM Holdings, LLC, of Westford, Massachusetts, because it could not be considered eligible and responsible. Mr. Lamson noted that LM Holdings had not completed any projects similar to this project, even though the bid documents had required bidders to have completed five such projects; that LM Holdings has had experience with only one bridge project (which, because it is in Newton, Massachusetts, does not appear to be in the marine environment), even though the bid documents had required bidders to have experience with at least five pier or bridge projects in the marine environment; that LM Holdings has had no projects with final construction costs exceeding $3,000,000, even though the bid documents had required bidder to have had at least two such projects; and that LM Holdings has had no projects with work operations on a pier over water and from barges in the water, even though the bid documents had required bidders to have had at least three such projects. Mr. Lamson also noted that LM Holdings had only been in existence since 2005, and that it was trying to rely on the experience of its senior management personnel who had been associated with Modern Continental Construction Co., Inc. However, Mr. Lamson said, under the bid documents the bidder itself is required to possess such experience, which LM Holdings does not.

Mr. Lamson noted that the project will modify the pier at the Authority's Fairhaven vessel maintenance facility so that steel sheet pile bulkheads will surround the granite wall, allowing for future dredging and making it possible to dock any of the Authority's vessels on either the north or south side of the pier. Mr. Lamson also stated that the net cost of the project (not including subsequent dredging) should be a little more than $3,000,000 after applying the $1,500,000 grant the Authority already has been awarded from the Massachusetts Executive Office of Transportation for this project, and that the contract work should be completed by the end of the year.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to award Contract No. 08-07, Fairhaven Pier Reconstruction, to the lowest eligible and responsible bidder for the contract, AGM Marine Contractors, Inc., of Mashpee, Massachusetts for a Total Contract Price of $4,498,990, as recommended by management in Staff Summary #E 2007-2, dated June 13, 2007.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

Oak Bluffs Terminal Reconstruction Project:

Mr. Lamson asked the Members to authorize him to award a contract for steel pipe piles for the Oak Bluffs Terminal Reconstruction Project to the lowest eligible and responsible bidder for the contract when bids are opened early in July 2007. Mr. Lamson noted that this contract award will allow the Authority to conduct the pile test program sooner to determine how deep the piles have to be driven for load capacity, and that the piles should cost around $125,000.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to award the contract for steel pipe piles for the Oak Bluffs Terminal Reconstruction Project to the lowest eligible and responsible bidder for the contract.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

Port Council's Report:

Mr. Jones reported that the main purpose of the Port Council's last meeting was to have a discussion with the barge operators about the Authority's barge unloading operations at the Nantucket terminal, and that everyone wanted to encourage barging because it keeps big trucks off of the roads. Mr. Jones also noted that one of the principal problems faced by the barge operators due to the Authority's off- and on-season rate structure was attempting to bid upon public projects, as they did not want to submit a bid based upon the Authority's off-season rate only to find themselves later barging aggregate for the project during the summer season.

Martha's Vineyard Surfcasters Association:

Mr. Lamson stated that David Nash of the Martha's Vineyard Surfcasters Association was present to address the Members regarding the possibility of creating a public access fishing pier at the Authority's Oak Bluffs terminal. In this regard, Mr. Lamson recounted how the Authority's original design for the reconstructed terminal had included a fishing pier for the public, but as the design evolved the fishing pier was omitted because of cost, the need to build additional staging lanes over the water (due to the inability to use the North Bluff for this purpose), and security concerns. Accordingly, Mr. Lamson said, for a number of years the plans for the project did not include any fishing pier, and the Authority's permits for the project do not include such a pier either.

Mr. Nash advised the Members that he was surprised over how much interest there still was over creating a fishing pier at the Oak Bluffs terminal, and he hoped that the idea could remain alive. Mr. Nash also recounted how they had unsuccessfully applied for a Community Preservation Act grant, but that more information was needed regarding the feasibility of constructing such a pier. Ultimately, Mr. Nash said, he hoped the Association would be able to form a partnership with the Authority whereby the Association would provide the money for the pier and the Authority would construct it.

Mr. Oliveira suggested that it might be worthwhile for the Association to pursue funding from the embarkation fee funds that have been collected by the Town of Oak Bluffs, since it was clear that those funds could be used for such a project. Mr. Hanover then declared that, in light of security concerns and the progress of the Authority's own permitting, it appeared that the best chance for a fishing pier would be to construct a freestanding one to the north side of the terminal. In this regard, Mr. Hanover stated that hoped the Authority could work jointly with the Association on such a project. Mr. Jones also suggested that the Association request funds from the State Access Board, as the Board has a fund that is specifically earmarked for projects such as fishing piers.

Old Business:

Mr. Hanover announced that he and Ms. McHugh had designated four areas on the *Island Home* for use by local artists to show their artwork on a rotating basis, and stated that anyone interested in using one of those areas should contact Ms. McHugh. Mr. Hanover also stated that there similarly would be areas on the vessel that could be used by non-profit entities for advertising purposes.

Ms. McHugh then announced that the Authority had entered into a joint venture with the Martha's Vineyard Chamber of Commerce which would be called the Ambassadors Program to enhance customer service, obtain customer feedback and answer questions regarding tourism. Ms. McHugh stated that, beginning on June 30, 2007, two Ambassadors Program interns would be assigned to the Authority's vessels on the Martha's Vineyard route.

Public Comment:

Tisbury resident Harriet Barrow complained about the unattractiveness of the Authority's Vineyard Haven terminal, showing the Members photographs of the terminal that she recently had taken. Ms. Barrow recounted how, four years ago, the Tisbury Waterways Committee had placed barrels on casters at the terminal with flowers in them at great expense, but declared that they had started to fall apart after a couple of months because of lack of maintenance by the Authority. Ms. Barrow declared that the Authority could take security measures that are much more aesthetically appealing, but that she had gotten nowhere with the Authority's management on this issue.

However, Mr. Lamson stated that the Authority had been attempting to work with Tisbury's Town Administrator to improve the terminal's appearance, because a number of different people had expressed different opinions about what should be done. Mr. Lamson stated that he hoped the Town would be able to appoint a working group from which the Authority could receive some direction. After Ms. Barrow expressed surprise over Mr. Lamson's statement and said that none of the Tisbury Selectmen had been approached about this, Mr. Hanover and Ms. Tobin recounted how they, Mr. Lamson and Director of Terminal and Parking Operations Mark Rozum had in fact met with Selectman Tristan Israel about this problem a few months ago.

Ultimately, the Members agreed that the terminal's appearance needed to be improved and that the Authority should not merely select the least expensive options; but they also agreed that the Authority should work with only one entity on this issue through the Town. Mr. Oliveira further suggested that the Port Council might want to involve itself in this matter, as the appearance of the Authority's terminals was an issue in all of the Authority's port communities.

Tisbury resident Cora Medeiros complained about the Town of Tisbury's failure to replace the sign at Five Corners giving directions to the Authority's terminal, although she noted that was not the Authority's fault. Ms. Medeiros then suggested that the Authority schedule a 5:00 a.m. trip from Vineyard Haven to allow trucks to leave early in the morning and get to Boston before the traffic, which would also enable them to return to the island in the middle of the afternoon when the vessels were not as congested. Ms. Medeiros stated that she had talked with a majority of the island's truck drivers, who said that they would like to have such a trip scheduled. However, Mr. Marshall declared that there would be a revolution in Falmouth if trucks started to drive up Woods Hole Road before six o'clock in the morning.

Other members of the audience also offered comments and suggestions about the Authority's operations, and several observed that it might be a good idea to have the vessel employees who load vehicles onto the boats wear orange gloves so that the vehicles' drivers can see their hands.

At 11:22 a.m., Mr. Oliveira entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, contract negotiations with nonunion personnel, and the deployment of security personnel and devices.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

July 17, 2007

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 17th day of July, 2007, beginning at 9:30 a.m., in the second floor meeting room of the Authority's Hyannis terminal, located at 141 School Street, Hyannis, Massachusetts. All five Members were present: Chairman David J. Oliveira of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Chairman Robert Huss of Oak Bluffs; Port Council Vice Chairman S. Eric Asendorf of Falmouth; and Port Council members Robert R. Jones of Barnstable and Philip H. Chase, Jr. of New Bedford were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Manager of Reservations and Community Relations Gina L. Barboza; Director of Information Technologies Mary T.H. Claffey; Director of Engineering and Maintenance Carl R. Walker; Director of Marketing Kimberlee McHugh; Director of Terminal and Parking Operations Mark Rozum; Director of Security Lawrence S. Ferreira; Director of Human Resources Phillip J. Parent; Hyannis Terminal Manager Steven Perkins; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on June 19, 2007.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for May 2007, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried 4.8% more passengers, 2.3% more automobiles and 0.2% more trucks during that month compared to May 2006.

Mr. Lamson also reported that the Authority's net operating income for the month of May 2007 had been approximately $929,000, around $446,000 higher than what had been projected, primarily due to higher than expected increases in passengers and automobiles. As a result, Mr. Lamson said, the Authority's net operating loss for the first five months of 2007 had been around $5,945,000, approximately $2,140,000 lower than what had been projected.

Fairhaven Bulkhead and Pier Improvements:

Mr. Walker reported that AGM Marine Contractors, Inc. was procuring supplies for the Authority's Fairhaven Bulkhead and Pier Improvements Project and would begin on-site construction work by August 1, 2007. Mr. Walker also reported that the work should be completed by February or March 2008, which will then allow the Authority to dredge around the facility. Mr. Walker stated, however, that the timing of the dredging will depend upon the availability of the contained aquatic disposal (CAD) cell in New Bedford harbor.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Walker reported that the opening of bids for the contract for the Authority's *Nantucket* Mid-Life Refurbishment Project had been postponed to August 9, 2007, and that the contract was now scheduled to be awarded at the Authority's August 21, 2007 meeting. Mr. Walker assured the Members, however, that the postponement will still leave enough lead time for the project before the *Nantucket* leaves for the shipyard in mid-November 2007.

Hyannis Terminal Slip Modifications:

Mr. Walker reported that the Barnstable Conservation Commission had issued an Order of Conditions for the Authority's Hyannis Terminal Slip Modifications Project, and that MEPA had scheduled its site visit for the project for July 24, 2007. Mr. Walker also reported that management was applying for a Chapter 91 license for the project from the Department of Environmental Protection.

2008 Winter and Spring Operating Schedules:

Mr. Lamson reviewed management's proposed 2008 Winter and Spring Operating Schedules, as set forth in Staff Summary #MCR 3-07, dated July 11, 2007. Mr. Lamson advised the Members that, as proposed, the schedules reflect the following changes to the 2007 Winter and Spring Operating Schedules:

A. With respect to the schedules for both routes:

1. The commencement of the 2008 Spring Schedule will be delayed until April 3, 2008 instead of starting the last week of March 2008.

2. The commencement of the 2008 Summer Schedule will be delayed until May 21, 2008 instead of starting in early to mid-May 2008.

3. The freight boats will not operate on New Year's Day, but will be scheduled to operate on the other holidays.

B. With respect to the Martha's Vineyard schedules:

The *Island Home* will continue to berth overnight in Woods Hole during the 2008 Winter Operating Schedule (making seven round trips per day), to remain consistent with its daily sailing schedule during the other seasons of the year.

C. With respect to the Nantucket schedules:

1. During the winter schedule, the freight boat will have two single crews, allowing a third daily freight trip to be operated Mondays through Fridays as needed.

2. During the spring schedule, the second freight boat (the *Sankaty*) will have one single crew, with a second daily freight trip with that vessel scheduled in advance on Tuesdays, Thursdays and Fridays, and the availability of a second daily freight trip on Mondays and Wednesdays as needed.

3. The Authority's high-speed passenger service between Hyannis and Nantucket with the *Iyanough* will commence April 15, 2008 instead of the last week of March 2008.

Mr. Lamson informed the Members that, at their last meeting, the Port Council had voted to recommend that the schedules be approved as proposed by management. In response to a question from Mr. Ranney, Hyannis Harbor Tours, Inc. ("Hy-Line") Vice President R. Murray Scudder stated that Hy-Line would extend the modified winter sailing schedule of the *Grey Lady* through mid-April 2008 to make certain that its high-speed Nantucket service dovetails with the Authority's high-speed service.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to approve the 2008 Winter and Spring Operating Schedules for the period from December 28, 2007 through May 20, 2008, as proposed by management in Staff Summary #MCR 3-07, dated July 11, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Nantucket Terminal Barge Unloading Rates and Policies:

Mr. Lamson asked the Members to establish a year-round barge unloading rate at the Nantucket terminal of $5.00 a ton, and also to implement the following reservation policies for the unloading of barges at that terminal:

(a) that bulk reservations for dock space be made available through the Nantucket Terminal Manager at least three times per year (*e.g.*, from January 1st through May 14th, from May 15th through September 14th, and from September 15th through December 31st);

(b) that reservations be non-transferable; and

(c) that a $250 deposit per reservation be required at the time of making any reservations, which deposit will be forfeited if either the reservation is cancelled with less than ten (10) days notice (except for weather-related cancellations) or the barge operator cancels more than twenty percent (20%) of its bulk reservations regardless of whether the particular reservation is cancelled with or without ten (10) days notice.

Mr. Lamson also asked that the increase in the barge unloading rate be implemented immediately, and that the reservation policies be placed into effect in time for the Authority's 2007 Fall Operating Schedule beginning on October 18, 2007. In addition, Mr. Lamson noted that, at their last meeting, the Port Council had voted to recommend the adoption of this new rate and the reservation policies.

Although Mr. Ranney agreed with Mr. Lamson's recommendation, he stated that he would like to see the new rate maintained without any further increase through the end of 2010. Mr. Sayers stated, however, that he did not believe the Members could so limit the ability of future Members to adjust any of the Authority's rates and charges as they may deem appropriate, and he suggested that the Members instead simply express their intent that the new rate be kept in place through the end of 2010. Mr. Marshall also asked that such a statement of intent also be subject to an annual review of the barge operations, including the rates charged.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to approve management's recommendation to establish a $5.00 per ton barge unloading rate at the Nantucket terminal and to implement reservation policies

for the use of that terminal by barge operators, as described in Staff Summary #GM-508, dated June 13, 2007, with the intent to maintain that new rate in place without any further increase through the end of 2010 (subject to an annual review).

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

Children High-Speed Passenger Ticket Books:

Mr. Lamson recommended to the Members that the Authority issue high-speed passenger ticket books for children, noting that the Port Council had voted to recommend the issuance of the books at their last meeting. Although Mr. Lamson initially had proposed establishing the price of the books at $180 (compared to $240 for adult high-speed passenger ticket books), he stated that, at Mr. Ranney's request, he was asking that the price be $150. Mr. Ranney noted that, although there may not be much demand for children high-speed passenger ticket books, they would be of great help for those families who use the Authority's high-speed service.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve the sale of high-speed passenger ticket books for children, as recommended by management in Staff Summary #GM-507, dated July 12, 2007, and to establish the price of such books at $150.00.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

Hyannis Parking Permit Package:

Mr. Lamson then reported that management was recommending that the Authority market a travel/parking package on its Nantucket route to Nantucket residents who are eligible for excursion fares. Mr. Lamson stated that the suggested package would include one round-trip automobile ticket originating on Nantucket (including passage for up to two adults and two children) and an off-site Hyannis parking permit, and that both the ticket and the parking permit will be valid from September 10, 2007 through January 10, 2008 for the combined price of $400.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve the sale of a combination off-site, off-season Hyannis parking permit and round trip automobile ticket originating on Nantucket (including passage for up to two adults and two children) for $400.00, both to be valid from September 10, 2007 through January 10, 2008, as recommended by management in Staff Summary #GM-509, dated July 13, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Commonwealth Choice Cafeteria Benefit Plan:

Mr. Sayers requested the Members to adopt a new Section 125 Cafeteria Benefits Plan that will allow Authority employees who are otherwise not eligible for health coverage by reason of their employment with the Authority to enroll in health insurance plans through the Massachusetts Health Insurance Connector Authority (the "Health Connector") and to pay for the cost of their health insurance on a pre-tax basis. Mr. Sayers noted that the Authority was now required to adopt such a plan under the 2006 Massachusetts Health Care Reform Law.

Specifically, Mr. Sayers stated that management was recommending:

- that all Authority employees be eligible to participate in the Plan (regardless of whether they have a union representative or are non-union employees, whether they are full-time or part-time, and whether they are temporary or permanent), unless they are otherwise eligible for health coverage by reason of their employment with the Authority (either under another Section 125 Plan offered by the Authority or under a multi-employer health benefit plan to which the Authority is required to make contributions on their behalf);

- that the only health insurance plan options included in the Plan be those offered through the Health Connector;

- that no contributions be made by the Authority towards the cost of any employee's health coverage provided through the Health Connector under the Plan; and

- that there be no waiting period for employees to participate in the Plan.

Mr. Sayers also noted that any employee who does not have health coverage through the Authority will thus be able to participate in the Plan and use pre-tax dollars to pay for medical care coverage offered through the Health Connector. When an employee elects to do so, Mr. Sayers said, the Authority will notify the Health Connector to add his or her name to the Authority's account with the Health Connector, and the Health Connector will in turn provide the employee with ID information so that the employee can choose a medical care coverage plan through it. Once the employee enrolls in a medical care coverage plan, the Health Connector will advise the Authority how much it should withhold of the employee's pre-tax pay and send to the Health Connector as payment towards the employee's medical care coverage premiums. Mr. Sayers assured the Members, however, that if the employee's earnings do not cover his or her health insurance premium, the employee will be responsible to make arrangements to pay the shortfall.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover – as follows:

1. To adopt the Commonwealth Choice Cafeteria Benefit Plan of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the "Plan") in the form attached to Staff Summary #L-362, dated July

10, 2007, effective July 17, 2007, and to authorize, empower and direct the General Manager to execute the Plan on behalf of the Authority;

2. **To authorize, empower and direct the General Manager and the Treasurer/Comptroller, in the name and on behalf of the Authority, to take any and all actions and to execute or cause to be executed such documents, agreements or other instruments as shall be necessary, convenient or desirable to carry out the intent and purposes of the Plan; and**

3. **To authorize, empower and direct the General Manager and the Treasurer/Comptroller to take any and all actions necessary, including but not limited to adopting amendments to the Plan, to comply with Section 125 of the Internal Revenue Code of 1986, Mass. G.L. c. 151F, and 956 CMR 4.00.**

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

<u>New Bedford – Woods Hole High-Speed Passenger Ferry Service</u>:

Mr. Lamson reported that he had received a request from New England Fast Ferry ("NEFF") for permission to use the Authority's Woods Hole terminal for the loading and unloading of passengers in a pilot project high-speed passenger ferry service between New Bedford and Woods Hole that is being sponsored by the New Bedford Harbor Development Commission. Mr. Lamson stated that the service, which will run from August 1 through November 15, 2007, will consist of two daily round trips, Mondays through Fridays, using the Authority's dock from 7:45 a.m. to 7:55 a.m. and from 7:30 p.m. to 7:40 p.m.

Mr. Lamson stated that he was recommending that the Authority try to cooperate with the pilot project to the fullest extent possible and that, although the schedule was tight, the Authority could accommodate NEFF's vessel at either Slip 1 or Slip 2. Mr. Lamson observed that the most desirable location for loading and unloading NEFF's passengers would be Slip 3, but he noted that the operating use of that slip was restricted to emergencies under a Chapter 91 licensed issued in 1989. Therefore, Mr. Lamson said, he was exploring whether that restriction could be revised to allow the slip to be used for passenger-only service. Mr. Lamson also stated that he was recommending that the Authority charge NEFF $50 per trip (or $100 per day) for dockage at the Woods Hole terminal.

Mr. Hanover stated that he agreed with Mr. Lamson's recommendation and encouraged him to pursue a modification to the Chapter 91 license for Slip 3 to allow that slip to be used on a regular basis for passenger-only service. Mr. Marshall similarly agreed, although he noted that in no circumstances could the Authority allow NEFF's service to interfere with the Authority's own operations.

Mr. Marshall also recounted how he had been campaigning for years for passenger service between New Bedford and Woods Hole, and that he was very disappointed with the operating parameters of this pilot project. Specifically, Mr. Marshall questioned whether any passengers will want to travel between New Bedford and Woods Hole at the scheduled times, and he expressed his concern that the project's operating schedule was designed to fail and thus the entire service would prove to be an exercise in futility. The other Members (as well as the Port Council members) expressed similar concerns, and wondered why the New Bedford Harbor Development Commission had gone this far with the pilot project without asking for any input from anyone at the Authority.

Mr. Oliveira advised the Members that he had posed similar questions to the New Bedford Harbor Development Commission, but that he had been assured that the service had been established after meetings with the Woods Hole Oceanographic Institution and a comprehensive review by transportation experts. Mr. Oliveira also noted that the proposed schedule was being dictated by NEFF's other operations and might be able to be revised in September to make it more convenient.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien – as follows:

1. **to approve the request from New England Fast Ferry ("NEFF") for dockage at the Authority's Woods Hole terminal for the loading and unloading of passengers in a pilot project of a commuter high-speed passenger ferry service between New Bedford and Woods Hole, at the rate of $50 per trip; and**

2. **to authorize, empower and direct the General Manager, on behalf of the Authority, to take any and all actions and to execute any agreements required in connection with NEFF's use of the Authority's facilities;**

provided, however, that it is the Members' opinion that the service's daily sailing schedule is inconvenient for those who might be expected to use the service and the service would be much more viable if that schedule were changed.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

Analysis of Rates versus Cost of Service for 2006:

Mr. Davis reviewed Staff Summary #A-483, dated July 5, 2007, which summarized his analysis of the effectiveness of the Authority's rate structure to cover the respective cost of service for passengers, automobiles and trucks during the 2006 calendar year. Mr. Davis noted that the purpose of this analysis is to see which of our traffic segments (*i.e.*, passengers, automobiles or trucks) are subsidizing the others and to what extent. Mr. Davis also advised the Members that this year there had been one significant change in the methodology he used in preparing the analysis, namely, that it now includes the effect of "driver service" revenue in the cost of service for both routes.

With respect to the Martha's Vineyard route during 2006, Mr. Davis reported that automobiles paying the standard fares covered 136.6% of their allocated cost of service, while trucks covered 115.9% of their allocated cost of service. Mr. Davis also noted that automobiles traveling on excursion fares covered only 35.4% of their allocated cost of service, while trucks traveling on excursion fares covered 48.4% of their allocated cost of service.

With respect to the Nantucket route during 2006, Mr. Davis reported that automobiles paying the standard fares covered 181.9% of their allocated cost of service, while trucks covered 75.8% of their allocated cost of service. Mr. Davis also noted that automobiles traveling on excursion fares covered only 47.2% of their allocated cost of service, while trucks traveling on excursion fares covered 56.9% of their allocated cost of service.

Mr. Davis also reported that the analysis showed that, on the Martha's Vineyard route, although fewer trips were run last year (15,078 compared to 15,393 in 2005), the Authority still carried 3,528 more vehicles with a lower capacity occupancy rate (83.8% compared to 85.2% in 2005). Mr. Davis observed that this was primarily due to the widening and lengthening of the *Sankaty*. By contrast, Mr. Davis reported that, on the Nantucket route, the Authority ran more trips last year (4,723 compared to 4,636 in 2005), carried 600 more vehicles, and increased its capacity occupancy rate from 81.4% to 86.5%. Mr. Davis observed that this was primarily due to operating more trips on that route with freight boats instead of the larger passenger/vehicle ferries.

Mr. Davis also noted that, because an argument could be made that trucks occupying center spaces should be charged a premium for those spaces, the analysis calculated how much each traffic segment was covering its cost of service assuming different levels of premium charges for those center spaces. Although Mr. Hanover declared that he did not think it was appropriate to charge a premium for center spaces, Mr. Lamson pointed out that the ability to use the lift decks on the *Island Home* when no trucks were in the center spaces demonstrated how the Authority could justify charging trucks more for center spaces on at least that vessel. In response, Mr. Huss suggested that, instead of charging a premium for center spaces, the Authority should require trucks to travel on freight boats instead of on the *Island Home*, and he stated that the Port Council would discuss this subject at their next meeting.

Ultimately, Mr. Davis stated that the analysis would provide a starting point for management's consideration of which rates should be considered for possible increases or decreases in 2008, in the event any rate adjustments are needed to cover the cost of service as reflected in the 2008 operating budget.

Mr. Marshall cautioned, however, that the Members were looking to limit rate increases, believing that a hold on revenue increases would be a wise move at this time. Nevertheless, Mr. Marshall acknowledged that, if any adjustments were in order, the Members would be in favor of making the rates more fair.

Treasurer's Report:

Mr. Davis reported that there were increases in both passenger and automobile traffic for the month of June 2007 over the same month in 2006, although that appeared to have been partially due to June 2006 having experienced almost ten inches of rain on three of its four weekends. By comparison, Mr. Davis said, the passenger and automobile traffic figures for June 2007 were more in line with activity recorded in June 2004 and June 2005. (Further, truck traffic was down 5.6% from the same month in 2006.)

Mr. Davis also reported that while June 2007 revenues had exceeded budget expectations by $290,000, expenses during that month similarly had been $220,000 higher than budgeted. As a result, Mr. Davis stated that the Authority's net operating loss for the first six months of 2007 was expected to be around $2,800,000, or $2,500,000 less than projected.

Finally, Mr. Davis reported that, through the end of June 2007, the Authority had sold 870 10-ride ticket books for the *Iyanough*, compared with 194 10-ride ticket books it had sold for the *Flying Cloud* during the first six months of 2006.

Advertising:

In response to questions from the Members regarding the status of the Authority's advertising efforts, Mr. Lamson stated that he would provide the Members with a updated report at their next meeting, together with a proposed advertising policy.

Oak Bluffs Terminal Reconstruction Project:

Mr. Lamson reported that, in accordance with the authorization he had received from the Members at their meeting the prior month, he had awarded the contract for steel pipe piles for the Oak Bluffs Terminal Reconstruction Project to the lowest eligible and responsible bidder for the contract, L.B. Foster, Inc., of Plainville, Massachusetts, for a total contract price of $110,360. As a result, Mr. Lamson said, the Authority will have sufficient lead time to be able to conduct the pile test program in mid-August 2007.

Mr. Lamson then asked the Members to award the contract for Phase I of the Oak Bluffs Terminal Reconstruction Project to the lowest eligible and responsible bidder for the contract, RDA Construction Corporation, of Quincy, Massachusetts, for a total contract price of $4,385,524. Mr. Lamson stated that the work under Phase I will include the replacement of the head dolphins, turning dolphin and transfer bridge, and the addition of two new staging lanes to the north side of the pier. Mr. Lamson also stated that the Phase I contract work will be completed during the upcoming off-season.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to award Contract No. 04-07 for the Oak Bluffs Pier Reconstruction – Phase I to the lowest eligible and responsible bidder for the contract, RDA Construction Corporation of Quincy, Massachusetts, for a total contract price of $4,385,524.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Sale of the M/V Islander:

Mr. Lamson asked the Members to approve the sale of the *Islander* to Governors Island Preservation and Education Corporation (GIPEC) of New York, New York, for a purchase price of $500,000. Mr. Lamson reported that GIPEC was the only bidder for the vessel in response to the invitation for bids the Authority had issued earlier in the year. Mr. Lamson also stated that he had been informed that GIPEC intends to modify and upgrade the vessel and then use it to provide regular ferry service between Governors Island and Manhattan in New York.

The Members agreed that the Governors Island route was the perfect fit for the *Islander*. Mr. Hanover asked Mr. Lamson if management could inform GIPEC of the vessel's history so that it would be respected and preserved as much as possible, and he also asked if management could let GIPEC know that it would be appreciated if GIPEC could give the Authority anything it removes from the *Islander* that is identifiable as part of the vessel's history with Martha's Vineyard.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to award the sale of the M/V Islander to Governors Island Preservation and Education Corporation ("GIPEC") in the amount of $500,000.00, in accordance with the bid that GIPEC submitted in response to the Authority's Invitation for Bids for Contract #07-07, and to authorize the General Manager to take all necessary and appropriate actions to consummate the sale to GIPEC, including but not limited to executing on behalf of the Authority a Purchase and Sale Agreement and Bill of Sale for the vessel, in substantially the forms attached to the Invitation for Bids.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Port Council's Report:

Mr. Huss reported that the Authority had met earlier that month with officials from the Town of Oak Bluffs and the Commonwealth's Office of Fishing and Boating Access regarding the possibility of constructing a new stand-alone fishing pier north of the Authority's Oak Bluffs terminal. Although Mr. Huss cautioned that it was very early in the process, he stated that everyone left the meeting with a positive feeling that the Commonwealth was seriously considering funding the construction of such a fishing pier at that location.

Performance Evaluation of the General Manager:

After recounting how the Members are contractually required to evaluate Mr. Lamson's performance as the Authority's General Manager on an annual basis, Mr. Oliveira announced that the Members had reviewed Mr. Lamson's performance over the past year based upon his completion of specific goals and their assessment of his knowledge and skills. With respect to his completion of specific goals, Mr. Oliveira stated that 84% of those goals had been completed, with two items remaining that are still under development. Then with respect to Mr. Lamson's knowledge and skills, Mr. Oliveira stated that Mr. Lamson had scored 37 our of 40, representing a pattern of "outstanding" performances with only a few categories in which he had merely "exceeded expectations."

Ultimately, Mr. Oliveira declared that the evaluation demonstrated that the Members considered this past year to be another outstanding performance by Mr. Lamson. On behalf of the Port Council, Mr. Jones echoed Mr. Oliveira's assessment, saying that they had reached the same conclusion. Mr. Oliveira then stated that next month the Members would be discussing what goals and objectives Mr. Lamson should have for the upcoming year, and he encouraged the Port Council to provide the Members with what they believe should be included in that list.

At 11:06 a.m., Mr. Oliveira entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, contract negotiations with nonunion personnel, and the deployment of security personnel and devices.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

August 10, 2007

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 10th day of August, 2007, beginning at 9:30 a.m., in the second floor meeting room of the Authority's Hyannis terminal, located at 141 School Street, Hyannis, Massachusetts. Four Members were present: Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth. Chairman David J. Oliveira of New Bedford was not present

The following members of management were also present: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Port Captain Charles G. Gifford; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Mr. Ranney entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining matters.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

August 21, 2007

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 21st day of August, 2007, beginning at 9:30 a.m., in the Large Group Instruction Room of the Nantucket High School, located at 10 Surfside Drive, Nantucket, Massachusetts. Four Members were present: Chairman David J. Oliveira of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth. Secretary Robert L. O'Brien of Barnstable was not present.

Port Council Chairman Robert Huss of Oak Bluffs; Port Council Vice Chairman S. Eric Asendorf of Falmouth; Port Council Secretary Nathaniel Lowell of Nantucket; and Port Council member Robert R. Jones of Barnstable were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Manager of Reservations and Community Relations Gina L. Barboza; Director of Information Technologies Mary T.H. Claffey; Director of Engineering and Maintenance Carl R. Walker; Director of Marketing Kimberlee McHugh; Director of Terminal and Parking Operations Mark Rozum; Director of Security Lawrence S. Ferreira; Port Captain Charles G. Gifford; Nantucket Associate Terminal Agent Lorin Clarkson; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to approve the minutes of the Members' meetings in public session on July 17 and August 10, 2007.

VOTING	**AYE**	**NAY**
Mr. Oliveira		**10 %**
Mr. Ranney	**35 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**80 %**	**10 %**

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for June 2007, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried 7.5% more passengers, 3.6% more automobiles and 5.6% fewer trucks during that month compared to June 2006.

Mr. Lamson also reported that the Authority's net operating income for the month of June 2007 had been approximately $3,266,000, around $535,000 higher than what had been projected, primarily due to higher than expected increases in passengers and automobiles. As a result, Mr. Lamson said, the Authority's net operating loss for the first six months of 2007 had been around $2,679,000, approximately $2,675,000 lower than what had been projected.

In response to questions from Mr. Marshall, Mr. Lamson reported that the Authority's vessel fuel expense for the first six months of 2007 had been around $208,000 less than projected, but Mr. Davis noted that in July 2007 the Authority's average fuel cost per gallon had been $2.22, while the Authority had only budgeted $2.19 per gallon. Accordingly, Mr. Davis declared that the Authority's estimate of its fuel expense during 2008 remained an important consideration in management's preparation of the Authority's 2008 Operating Budget.

Fairhaven Bulkhead and Pier Improvements:

Mr. Walker reported that AGM Marine Contractors, Inc.. had begun work on the demolition of the pier at the Authority's Fairhaven vessel maintenance facility on August 1, 2007, removing the top five feet of material because it is either contaminated or not suitable for construction. Mr. Walker also reported that AGM should begin installing sheet piling around the pier in September, and that work will then continue through February or March 2008. As a result, Mr. Walker said, the Authority would be performing its vessel overhaul work in Fall River during this period, including the upcoming repair work for the *Martha's Vineyard* and the *Island Home*. Mr. Walker further reported that the Authority was working with the Town of Fairhaven to see whether dredging around the facility could be performed after the bulkheading is completed in the spring of 2008. However, Mr. Walker cautioned that, depending upon the availability of the contained aquatic disposal (CAD) cell in New Bedford harbor, the dredging may have to be put off until the following fall.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker reported that RDA Construction Corp. had begun the test pile program for Phase I of the Oak Bluffs Terminal Reconstruction Project using the new spin fin design piles. Mr. Walker stated that RDA will then perform dynamic weight testing on the piles to make certain they can hold the weight of the pier, that construction will then begin in mid-September 2007 without any interference with the Authority's operations, and that the first phase of the project will be completed by the end of March 2008, well before the terminal reopens for the 2008 summer season.

Appointment of Deloitte & Touche LLP
as the Authority's Independent Auditors:

Mr. Davis requested the Members to appoint Deloitte & Touche LLP as the Authority's independent auditors for the 2007 fiscal year, stating that the firm had a personnel rotation policy that provides the highest level of client services with the least disruption to the Authority's operations. Mr. Davis noted that this periodic rotation of personnel also provided the Authority with a change of perspective without the need to change accounting firms. Mr. Davis reported, however, that management had not yet reached agreement with Deloitte & Touche on what should be the appropriate language of the "Dispute Resolution Provision" in the firm's proposed engagement letter. Accordingly, he asked that the award be subject to agreement on that provision in a manner satisfactory to Mr. Lamson.

Mr. Marshall recounted how he had been part of the auditors' review process for the last four years and declared that Deloitte & Touche had done a very good job. But Mr. Marshall agreed that the firm's proposed "Dispute Resolution Provision" was a huge issue and that it needed to be substantially revised.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to reappoint Deloitte & Touche LLP as the Authority's independent auditors to provide a comprehensive financial audit and related services for the fiscal year ending December 31, 2007 for a fee of $108,000, subject to the General Manager's approval of a revised Appendix F, "Dispute Resolution Provision," of the firm's engagement letter, as requested by management in Staff Summary #A-484, dated August 15, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**80 %**	**0 %**

Treasurer's Report:

Mr. Davis reported that there were increases in both passenger and automobile traffic for the month of July 2007 over the same month in 2006, and that all of the increase in passenger traffic for the Nantucket route had been attributable to the *Iyanough*. By contrast, Mr. Davis reported that truck traffic continued to be down during that month from the previous year.

Mr. Davis also reported that, although July 2007 revenues had exceeded budget expectations by an estimated $230,000, expenses during that month similarly were expected to be $210,000 higher than budgeted. Mr. Davis stated that, as a result, the Authority's net operating income for the first seven months of 2007 was expected to be around $2,700,000, or $2,800,000 greater than projected.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Lamson asked the Members to award the contract for the *Nantucket* Mid-Life Overhaul Services Project to the lowest eligible and responsible bidder for the contract, Collona's Shipyard Incorporated, of Norfolk, Virginia, for the total contract price of $5,936,434. Mr. Lamson stated that the refurbishment was scheduled to begin around November 17, 2007 and would be completed by the end of March 2008. Mr. Lamson also stated that the project's major work items included installation of a new Marine Evacuation Slide (MES) system, replacement of the pilot house, modifications to the food counter area, replacement of all exterior windows and seating, asbestos abatement, complete replacement of the 02 deck and mezzanine deck joiner work, decking and seating, water blasting and recoating of void space bilges, upgrades to the HVAC system and the heating boiler, replacement of the electrical switchboard and elevator, and steel replacement as needed.

Mr. Lamson noted that management's previous cost estimate for the project had been $6,600,000. However, Mr. Lamson stated that the updated project estimate, which includes modifications to the scope of the project (including the addition of the MES system), engineering and design services, owner furnished equipment, the cost of the Authority's own representatives at the shipyard, and a 2.5% contingency, was now just over $7,500,000.

In response to questions from Mr. Marshall, Mr. Walker stated that Captain Edward Jackson would be the principal Authority representative at the shipyard and that the Authority would also assign the *Nantucket's* Senior Captain, James Hocking, and Senior Chief Engineer, William Kolb, to the shipyard as needed. Mr. Walker also stated that those same two individuals would remain assigned to the vessel on an as-needed basis through the life of the project, although Mr. Sayers noted that there was a slight possibility that Senior Chief Engineer Kolb could be "bumped" by another chief engineer with more seniority during the winter schedule if that other engineer were to elect to take this assignment instead of being laid off. In addition, both Mr. Walker and Captain Gifford stated that everyone involved with the project, including Senior Captain Hocking, had reviewed the scope of the proposed work and were pretty much in agreement about what changes to the vessel should be done.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to award Contract No. 09-07, Mid-life Overhaul Services for the M/V Nantucket, to the lowest eligible and responsible bidder for the contract, Colonna's Shipyard Incorporated of Norfolk, Virginia, for a total contract price of $5,936,470.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**80 %**	**0 %**

Food Concession Contract:

Mr. Lamson then advised the Members that the Authority's current food concession contract with Boston Culinary Group would be expiring at the end of 2007, and that management was about to issue a request for proposals for the successor contract. Mr. Lamson stated that the RFP would establish a deadline of October 25, 2007 for the submission of proposals and that the Members would then be in a position to award the contract at their November 2007 meeting.

The Members agreed with Mr. Lamson that the new contract should be for five years (through December 2012) and that it should cover all of the Authority's food concession services for all of its vessels as well as at the Woods Hole and Hyannis terminals. The Members also asked Mr. Lamson to try to encourage whoever is selected as the concessionaire to use local products as much as possible, even to the point of potentially subcontracting out certain aspects of the operation to local businesses. The Members also agreed that the contract should include a provision that will allow (but not require) the concessionaire to sell merchandise other than food, provided that the parties can reach agreement on the additional items to be sold and the terms and conditions under which the concessionaire will sell them.

Port Council's Report:

Mr. Huss reported that, at their meeting earlier that month, the Port Council had discussed whether trucks using center spaces on the Authority's vessels should be charged a premium. Ultimately, Mr. Huss said, they had concluded that such trucks should not be charged a premium and that the Authority should leave the truck rates as they are.

Mr. Huss then reported that the Port Council had heard from Hallsmith-Sysco Food Services representatives the difficulties that company was having, particularly on the Nantucket route, obtaining truck reservations on the Authority's vessels that were early enough in the day to allow its drivers to make all of their required deliveries. Mr. Huss stated that the Port Council discussed whether next year the Authority should further prioritize its different categories of shippers for the purpose of obtaining bulk freight reservations by the number of deliveries each shipper makes on each trip to the island. Ultimately, Mr. Huss said, the Port council decided to ask management to review the subject in more depth and, as part of that review, to notify all other potentially affected freight customers so that they may have the opportunity to be heard in advance with respect to any proposed changes to any of the Authority's freight reservation policies.

Mr. Huss further reported that Tisbury Waterways, Inc. had made a presentation to the Port Council regarding suggestions for reducing the environmental impact of road run off from the staging area of the Authority's Vineyard Haven terminal and for improving the overall appearance of that terminal. Mr. Huss stated that the Port Council had suggested that management look into the possibility of making some changes to the terminal, but that in doing so they should work closely with the Tisbury Selectmen and the Tisbury Department of Public Works.

Mr. Huss noted that the Port Council also had discussed their proposed goals for Mr. Lamson, which since had been forwarded to the Members. In response to a question from Mr. Ranney, Mr. Huss stated that the Port Council also had asked management to look into the possibility of allowing customers to use coupons from their 10-ride ticket books without being required to present the entire book at the time of collection, and that the Port Council had asked management to report back to them about this subject at their next meeting.

Goals and Objectives for the General Manager:

Mr. Oliveira stated that Mr. Lamson had provided the Members with a list of his proposed goals and objectives for the upcoming year, and that he had received additional proposed goals and objectives for Mr. Lamson from the other Members and the Port Council for their consideration. Mr. Oliveira then read all of the goals and objectives that had been proposed. Noting that there were 25 or so different proposed goals, Mr. Marshall questioned whether the Members should go into this level of detail and also whether some of the goals were appropriate. Accordingly, Mr. Marshall suggested that the Members attempt to reduce the number of goals to no more than eight.

In particular, Mr. Oliveira and Mr. Marshall agreed that consideration of the creation of a new position of Assistant General Manager, as part of the creation of a management succession plan, was a very worthwhile objective. Mr. Oliveira also asked that the goal of developing a plan for the renovation of the Woods Hole terminal be expanded to include the development of a master plan setting forth what real estate the Authority owns or should own for the next ten years, that the goal of exploring alternative sources of income include merchandising programs, and that the goal of improving the Authority's communications capabilities during emergencies and service disruptions include the use of terminal monitors to disseminate information.

At Mr. Oliveira's suggestion, the Members agreed that they would work with Mr. Lamson to consolidate the lists of proposed goals into a mutually agreeable list. Mr. Oliveira also noted that ten of the proposed goals had been submitted by Mr. O'Brien, who was absent that day, and the Members agreed that they should wait to take a final vote on the goals until their September 2007 meeting so that Mr. O'Brien would have an opportunity to comment on them.

Public Comment:

Nantucket resident Timothy Madden commended Mr. Oliveira for his efforts in having the Members develop a list of goals for Mr. Lamson, observing that such a list is invaluable for business enterprises. Mr. Madden also commended the Port Council for all of their work, declaring that while he initially had thought that the Port Council was a redundant board, he now had completely reversed his opinion and believed that the Port Council was proving its worth in effectively dealing with the Authority's port communities.

Mr. Madden also noted that Nantucket was considering whether to build a parking garage in the downtown area, and he stated that he would like the Authority to become a player in that process. Finally, Mr. Madden applauded the Authority's unlicensed vessel employees for ratifying their new collective bargaining agreement, acknowledging that it had been a long struggle over the past few years.

Special Fare for Individuals in Active Military Service:

The Members agreed with Mr. Lamson that the Authority should establish a special vehicle fare for individuals in active military service. In this regard, Mr. Lamson noted that island residents in active military service currently cannot travel on the Authority's excursion rates because they remain on the mainland for periods longer than 28 days. The Members agreed that such individuals should not be penalized in this manner simply due to the fact that they are in active military service. Accordingly, Mr. Lamson stated that he would come back to the Members at their next meeting with a proposal to correct this situation.

At 10:54 a.m., Mr. Oliveira entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, contract negotiations with nonunion personnel, and the deployment of security personnel and devices.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	80 %	0 %

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

September 18, 2007

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 18th day of September, 2007, beginning at 9:30 a.m., in the second floor meeting room of the Authority's Hyannis terminal, located at 141 School Street, Hyannis, Massachusetts. All five Members were present: Chairman David J. Oliveira of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Chairman Robert V. Huss of Oak Bluffs and Port Council member Robert R. Jones of Barnstable were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/ Comptroller Robert B. Davis; Manager of Reservations and Community Relations Gina L. Barboza; Director of Information Technologies Mary T.H. Claffey; Director of Engineering and Maintenance Carl R. Walker; Director of Marketing Kimberlee McHugh; Director of Terminal and Parking Operations Mark Rozum; Director of Security Lawrence S. Ferreira; Port Captain Charles G. Gifford; Hyannis Terminal Manager Steven Perkins; and General Counsel Steven M. Sayers.

<u>Minutes</u>:

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on August 21, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for July 2007, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried 1.6% more passengers, 1.1% more automobiles and 4.1% fewer trucks during that month compared to July 2006.

Mr. Lamson also reported that the Authority's net operating income for the month of July 2007 had been almost $5,700,000, around $355,000 higher than what had been projected, primarily due to higher than expected increases in passengers and automobiles. As a result, Mr. Lamson said, the Authority's net operating income for the first seven months of 2007 had been around $3,000,000, approximately $3,000,000 higher than what had been projected.

Fairhaven Bulkhead and Pier Improvements:

Mr. Walker reported that AGM Marine Contractors, Inc. had removed most of the soil and utilities on the pier at the Authority's Fairhaven vessel maintenance facility, and had also installed more than one half of the sheet piling around it. Mr. Walker further reported that the dredging design was around ninety percent complete, but that the Authority was still waiting to hear when a new contained aquatic disposal (CAD) cell in New Bedford harbor will be made available for the disposal of dredge material from this and other local projects. Until the dredging is completed, Mr. Walker said, the Authority will be able to service only one vessel at the facility; after the dredging is completed, however, the Authority will be able to park three large vessels there together with some freight vessels, which is essential due to the fact that the facility is the Authority's hurricane preparedness center.

Although Mr. Walker stated that the Authority was working with the New Bedford Harbor Development Commission to see whether the CAD cell can be opened this upcoming winter, he noted that the Environmental Protection Agency may not complete the work necessary to open up the new CAD cell until later in 2008 due to lack of funding. In this regard, Mr. Oliveira observed that it was particularly frustrating to all of the local communities that the EPA did not even have enough funding to work on a year-round basis there, which was why the clean-up of New Bedford harbor was expected to take 35 years to finish.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker reported that RDA Construction Corp. should be finished that week with the test pile program for Phase I of the Oak Bluffs Terminal Reconstruction Project using the new spin fin design piles to determine how deep the piles for the pier will need to be driven in order to support the appropriate loads. Mr. Walker further stated that RDA would then begin the following week to drive piles on the north side of the pier to construct the new staging lanes and that, after the terminal is closed for the season in October, the turning dolphin would also be demolished.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Walker reported that Colonna's Shipyard in Norfolk, Virginia had begun the work of prefabricating a new pilot house and smaller structures for the *Nantucket* Mid-Life Refurbishment Project, and that the vessel was scheduled to leave for the shipyard around November 22, 2007 after the football game between Nantucket and Martha's Vineyard.

Special Fare for Individuals in Active Military Service:

Mr. Lamson requested that the Members approve a change to the Authority's excursion fare policy so that island residents who are in active military service will be eligible to travel on an excursion fare regardless of whether the individual's round trip originates on one of the islands or on the mainland. Mr. Lamson recounted how, at the August 2007 meeting, the Members had discussed how island residents in active military service could not travel on the Authority's excursion rates because they remain on the mainland for periods longer than 28 days, and how the Members all recognized that they should not be penalized in this manner due to their military service. Mr. Lamson observed that the request change in the policy would now correct the situation, and also noted that the Port Council had voted unanimously at their last meeting to support management's recommendation.

Mr. Ranney thanked Mr. Lamson for addressing this situation, but he asked whether it would also allow Coast Guard personnel stationed on Nantucket to travel on an excursion fare. In response, Mr. Sayers stated that those individuals still would probably not be eligible, as their automobiles probably would not be registered on the island and their driver's licenses probably would list their home addresses as being on the mainland. Therefore, Mr. Lamson stated that management would review that issue as well and report back to the Members at their October 2007 meeting.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve a change in the Authority's automobile excursion fare policy to allow island residents in active military service to be eligible for the excursion fare regardless of the point of origin, as recommended by management in Staff Summary #GM-511, dated September 12, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Proposed 2008 Summer and Fall Vessel Operating Schedules:

Mr. Lamson reviewed management's preliminary draft of its proposed 2008 Summer and Fall Vessel Operating Schedules, as set forth in Staff Summary #MCR 4-07, dated September 12, 2007, for discussion purposes only, noting that the schedules would not need to be approved by the Members until their next meeting in October 2007. Mr. Lamson stated that management was proposing that next year's summer schedule run from May 21, 2008 (six days later than the commencement of the 2007 summer schedule) through October 17, 2008, and that both next year's summer and fall schedules be substantially the same as the 2007 summer and fall schedules, with the following modifications:

(a) The late shoulder portion of next year's summer schedule will begin on September 6, 2008, six days earlier than it did in 2007; and

(b) The *Nantucket* will provide service on the Nantucket route (in addition to the *Eagle* and a freight boat) through the Memorial Day weekend, after which it will be replaced by the *Sankaty* through June 19, 2008 so that it can be moved to the Martha's Vineyard route to allow some additional time for major cleanings and minor repairs to the *Island Home* and *Martha's Vineyard* prior to the start of the height of the summer season.

Mr. Lamson also stated that management was continuing to review the possible need for additional designated hazardous trips on both routes, and that it would be holding meetings the following week with the Authority's customers who participate in the bulk freight reservation program to discuss possible changes to that program, including a suggestion that food trucks that need to make multiple delivery stops on the islands be given a priority in obtaining reservations over other food trucks that are only delivering to one location. Mr. Lamson announced that the first meeting would take place at the Hyannis terminal at 2:00 PM on Monday, September 24, 2007, and that the second meeting would take place at the Vineyard Haven terminal at 2:00 PM on Tuesday, September 25, 2007.

Mr. Hanover observed that he had received very few complaints over the past year about the Authority's level of service, and he noted that the new trip from Woods Hole to Vineyard Haven with the *Island Home* at 6:00 AM had relieved a lot of pressure for additional service. But Mr. Ranney asked whether Mr. Lamson could see whether the Nantucket schedule could be changed to eliminate the conflict between the *Eagle* and the *Iyanough* around noon at the Nantucket terminal that created terrible traffic problems there, although he acknowledged that it may be too difficult to solve.

<u>Proposed 2008 Operating Budget</u>:

Mr. Davis then presented the Members with management's preliminary draft of its proposed 2008 Operating Budget for their review and comments, as set forth in Staff Summary #A-486, dated September 13, 2007, noting that it did not need to be approved until the Members' next meeting in October 2007. Mr. Davis stated that the 2008 Operating Budget had been developed using the approved operating schedules through May 20, 2008 and vessel operating schedules similar to this year's schedules for the balance of the year. In addition, Mr. Davis observed that the Authority's operating expenses were expected to increase by $3,380,000 in 2008 over the current 2007 estimate, which represented an increase of around 4.8%. In particular, Mr. Davis said:

- Depreciation was expected to increase by $976,000 (or 13.4%) due to a full year of depreciation on the Fairhaven shop building, *Island Home* and *Iyanough*, as well as a partial year of depreciation on the refurbished *Nantucket* and Phase I of the reconstructed Oak Bluffs terminal.

- The cost of vessel fuel oil was expected to increase by $600,000 (or 9.3%) assuming that crude oil prices will be $70 per barrel in 2008.

- Wages were expected to increase by 923,000 (or 3.3%).

- Health care and pension costs were expected to increase by $450,000 (or 6.1%).

- Payroll taxes were expected to increase by $134,000 (or 5.1%).

Mr. Davis further stated that operating revenues were expected to be around $79,800,000 in 2008, which represented an increase of $829,000 (or 1.0%) from 2007, and that the Authority's net operating income was expected to be around $4,000,000. Accordingly, Mr. Davis said, at that time management did not anticipate that any rate increases would be needed to cover next year's estimated cost of service, which includes generating sufficient cash flow from operations to meet the Authority's sinking fund transfer requirements of $6,800,000 next year, and making sufficient transfers to the replacement fund.

However, Mr. Marshall urged Mr. Davis to revisit his crude oil price assumption for 2008, observing that the price of oil was already more than $80 per barrel and he did not see any indication that it would go down. Therefore, Mr. Marshall said, he strongly felt that a $70 per barrel price assumption was unrealistic for the purpose of planning. Mr. Ranney agreed, also suggesting that the assumption be revised to $80 per barrel. Mr. Davis stated that he would do so, although he noted that, for every dollar increase in the price of a barrel of oil, there would be a resultant increase in the Authority's estimated annual fuel expense of $96,000. Accordingly, a $10 per barrel increase in his crude oil price assumption would increase the Authority's projected operating expenses for 2008 by $1,000,000, which may require a small rate increase.

Mr. Marshall acknowledged that such a change in assumptions probably would require an increase in the Authority's fares, and noted that it would be similar to a fuel surcharge that everyone else in the transportation industry was already imposing on customers. Mr. Marshall then reemphasized the need for the Authority's Captains not to arrive early, observing that even a slight reduction in vessel speed would make a difference in fuel consumption.

Treasurer's Report:

Mr. Davis reported that there were increases in both passenger and automobile traffic for the month of August 2007 over the same month in 2006, and that the number of passengers on the high-speed ferry between Hyannis and Nantucket had increased by 20.7%. By contrast, Mr. Davis reported that truck traffic continued to be down during that month from the previous year.

Mr. Davis also reported that August 2007 revenues had exceeded budget expectations by an estimated $500,000, but that expenses during that month similarly were expected to be $350,000 higher than budgeted. Mr. Davis stated that, as a result, the Authority's net operating income for the first eight months of 2007 was expected to be $9,700,000, or $3,600,000 higher than projected.

Procurement:

Mr. Lamson requested that the Members award Contract 15-07 for repairs to the Nantucket terminal's Slip #1 dolphins (including the replacement of the two north slip head dolphins and berthing dolphin #3, and the installation of wooden facing on all of the north slip berthing dolphins) to the lowest eligible and responsible bidder for that contract, AGM Marine Contractors, Inc. of Mashpee, Massachusetts, for a total contract price of $1,349,000. Mr. Lamson noted that the repairs originally had been scheduled to take place the previous January through March, but that they had to be rescheduled due to increased lead times required by the suppliers of materials for the project. Accordingly, Mr. Lamson said, the repairs will now be rescheduled to begin after Nantucket's Christmas Stroll in December 2007 for completion by March 2008.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to award Contract 15-07 for repairs to the Nantucket terminal's Slip #1 dolphins to the lowest eligible and responsible bidder for that contract, AGM Marine Contractors, Inc. of Mashpee, Massachusetts, for a Total Contract Price of $1,349,000, as recommended by management in Staff Summary #E 2007-8, dated September 13, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Mr. Lamson then asked the Members to award Contract 17-07 for dry-dock and overhaul services for the *Sankaty* to the lowest eligible and responsible bidder for that contract, Thames Shipyard & Repair Company of New London, Connecticut, for a total contract price of $154,600. Mr. Lamson stated that the *Sankaty* was scheduled to be in the shipyard from mid-October 2007 through mid-November 2007 to undergo a required U.S. Coast Guard hull examination, painting, machinery repairs and engine room ventilation upgrades.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to award Contract 17-07 for dry-dock and overhaul services for the M/V Sankaty to the lowest eligible and responsible bidder for that contract, Thames Shipyard & Repair Company of New London, Connecticut, for a total contract price of $154,600, as recommended by management in Staff Summary #E 2007-9, dated September 13, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Food Concession Contract:

Mr. Lamson advised the Members that management had issued a request for proposals for a new food concession contract commencing January 1, 2008, and that proposals in response to that RFP were due by 2:00 p.m. on October 25, 2007. Accordingly, Mr. Lamson said, he expected that management would be in a position to recommend an award of that contract for consideration by the Members at their November 2007 meeting. Mr. Lamson also noted that management would be holding a pre-submission information meeting with potential proponents at 9:30 a.m. on Thursday, September 27, 2007, in the conference room of the Woods Hole terminal, and that proponents would be allowed to propose selling merchandise as well as food under the contract, describing what articles would be sold and what percentages of their sales prices would be paid to the Authority.

Port Council's Report:

Mr. Huss then reported that the Port Council similarly had discussed how island residents in active military service should be allowed to travel at the excursion rates, and also whether customers should be allowed to use coupons from their 10-ride ticket books without being required to present the entire book at the time of collection. With respect to this latter subject, Mr. Huss stated that the Port Council felt that more detailed information was needed and had concluded that it should be discussed further at their December 2007 meeting. Mr. Huss also reported that the Port Council had continued their discussion of whether food shippers who make multiple deliveries on the islands should receive a priority in making reservations, and he noted that members of the Port Council would attend management's meetings with the Authority's bulk freight reservation customers later that month to discuss this further with those shippers who could be affected by such a change in policy.

In addition, Mr. Huss said, the Growth Management Department of the Town of Barnstable had given the Port Council a presentation regarding the Town's proposed memorandum of understanding for the purpose of upgrading the Hyannis harbor front. Mr. Huss stated that the Town was seeking an easement from the Authority to construct and maintain an observation platform at the southern end of the Hyannis terminal, and that Port Council members had raised questions about its height and whether it might be too close to the water before ultimately asking management to report back on the progress of the ongoing discussions.

The Members then discussed various issues surrounding the subject of whether customers should be allowed to use coupons from their 10-ride ticket books without being required to present the entire ticket book at the time of collection. Mr. Oliveira suggested that the Authority could do so by creating an additional stub on each ticket that would be torn off so that coupon could not be reused. While Mr. Oliveira acknowledged that there could be a concern about the resale of individual coupons, he declared that it was more important to make the ticket book a "family friendly" book.

Mr. Jones noted, however, that the Port Council had discussed all of these issues at length and ultimately did not see any arguments that were strong enough to recommend a change in policy, although he acknowledged that there similarly were no arguments that were so strong that would prohibit such a change. Although Mr. Marshall declared that he would not want to see someone else making a profit by buying a ticket book at a discounted price and then selling individual coupons from that book at perhaps the regular price, Mr. Jones noted that the Authority already was allowing hotels to do just that. In response, Mr. Oliveira stated that the Authority should have a policy regarding the resale of its tickets.

Mr. Lamson then noted several other issues that were raised by the possible change in policy, including the fact that if customers began using individual coupons from 10-ride ticket books instead of buying individual tickets, fewer people would be paying each town's embarkation fee. Further, Mr. Lamson stated that he felt there should be consistency between the two routes on this matter, which was complicated because 10-ride ticket books for travel on the Martha's Vineyard route had a one-year expiration date and the Authority would have no way of knowing when the ticket book containing a Martha's Vineyard route coupon had been sold. Ultimately, Mr. Ranney stated that he would not object to the Authority adopting a policy that would prohibit the resale of ticket book coupons, but he acknowledged that it appeared the subject needed more consideration before any change in policy was adopted.

Goals and Objectives for the General Manager:

Mr. Oliveira announced that proposed goals for Mr. Lamson that the Members had discussed at their August 2007 meeting had been reduced to ten goals and objectives that he believed were an excellent summary of what had been discussed. Mr. O'Brien agreed, although he emphasized that the eighth proposed goal and objective for Mr. Lamson, which called for him to develop a succession plan for the Authority's management, was something that really needed to happen. All of the other Members agreed with Mr. O'Brien as well.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to approve the following goals for the General Manager during the period from July 1, 2007 through June 30, 2008:

1. **Oversee the timely completion of ongoing capital projects, including the Mid-Life Refurbishment of the M/V Nantucket, the Fairhaven Bulkhead Improvement Project, and Phase 1 of the Oak Bluffs Terminal Reconstruction Project, within proposed schedules and authorized budget amounts.**

2. **Continue to seek state and federal funding to assist with some of the Authority's upcoming capital projects, including Phases 2 and 3 of the Oak Bluffs Terminal Reconstruction Project, the M/V Eagle Mid-Life Refurbishment Project, and the proposed Hyannis Terminal Slip Reconstruction Project.**

3. **Establish a recycling program (paper recyclables and beverage containers) for the Authority's vessels, terminals and other facilities.**

4. **Continue to explore alternate sources and additional sources of revenues to help partially offset the need for rate increases.**

5. **Continue to explore additional cost savings strategies to help partially offset the need for rate increases.**

6. **Continue to review traffic circulation problems at the Nantucket terminal and work with the Nantucket Planning and Economic Development Commission to develop recommendations for improving the overall flow of vehicle and pedestrian traffic at and around the terminal area.**

7. **Improve the Authority's communications capability during emergencies and service interruptions, including emergency alerts and periodic service interruption updates to our customers and other interested stakeholders through the use of terminal monitors and other means of communication.**

8. **Develop a succession plan for the Authority's management, including consideration of whether to establish the position of Assistant General Manager who could act as principal advisor to the General Manager and be fully qualified to assume the duties of the General Manager in his absence.**

9. **Continue to pursue an aggressive program to improve customer service in all areas of the Authority's operations.**

10. **Develop a real estate master plan reflecting what real estate the Authority currently owns and leases, including expiration dates and other important lease terms and conditions.**

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

At 10:36 a.m., Mr. Oliveira entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, contract negotiations with nonunion personnel, and the deployment of security personnel and devices.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

October 16, 2007

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 16th day of October, 2007, beginning at 10:40 a.m., in the first floor meeting room of the Oak Bluffs Public Library, located at 56R School Street, Oak Bluffs, Massachusetts. All five Members were present: Chairman David J. Oliveira of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Chairman Robert V. Huss of Oak Bluffs and Port Council member Robert R. Jones of Barnstable were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/ Comptroller Robert B. Davis; Manager of Reservations and Community Relations Gina L. Barboza; Director of Information Technologies Mary T.H. Claffey; Director of Engineering and Maintenance Carl R. Walker; Director of Marketing Kimberlee McHugh; Director of Terminal and Parking Operations Mark Rozum; Vineyard Haven Terminal Manager Bridget Tobin; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve the minutes of the Members' meeting in public session on September 18, 2007.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for August 2007, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried 5% more passengers, 4.3% more automobiles and 3.5% fewer trucks during that month compared to August 2006.

Mr. Lamson also reported that the Authority's net operating income for the month of August 2007 had been almost $7,000,000, around $764,000 higher than what had been projected. As a result, Mr. Lamson said, the Authority's net operating income for the first eight months of 2007 had been around $9,900,000, approximately $3,800,000 higher than what had been projected. Mr. Lamson further reported that the Authority's market share of passengers carried on both routes was continuing to improve over last year.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker reported that the test pile program for the Oak Bluffs Terminal Reconstruction Project had been completed and that the results of the tests have shown that the Authority's calculations about how deep the piles will have to be driven were fairly accurate. Mr. Walker also reported that the contractor, RDA Construction Corp., would be mobilizing on the site the following Monday in order to begin work to demolish the head and turning dolphins and to remove the transfer bridge (which will be taken for use at the Fairhaven vessel maintenance facility).

Fairhaven Bulkhead and Pier Improvements:

Mr. Walker reported that AGM Marine Contractors, Inc. was around 70% finished with the installation of the sheet piling around the pier of the Fairhaven Vessel Maintenance Facility and that the pilings had been driven for the installation of the transfer bridge (which is the one currently at the Oak Bluffs terminal). Mr. Walker also reported that AGM had run into far more debris at the bottom of the slip than the Authority had anticipated, but that fortunately the work was still on schedule.

Later in the meeting, Mr. Hanover asked Mr. Walker whether there was any indication as to when the contained aquatic disposal (CAD) cell in New Bedford harbor will open so that the Authority can dredge around the facility. In response, Mr. Walker stated that it did not appear that the cell would be open until the Fall of 2008 and that, as a result, the Authority also would not be able to use the clean sand from the cell to backfill its property. Mr. Walker further noted that, until the dredging is completed, the Authority will only be able to moor one of its vessels at the Fairhaven vessel maintenance facility, while afterwards it will be able to moor three vessels there and raft two more alongside of them.

Mr. Lamson stated that he had sent a letter to the Lieutenant Governor advising him of the importance of the CAD cell, but that the problem appeared to be that the Governor still needed to authorize funding for it. Mr. Lamson also stated that the Seaport Council Advisory Committee would be meeting the following month and that Rick Armstrong, who already has been of help to the Authority, had suggested that the Authority's management attend.

<u>M/V Nantucket Mid-Life Refurbishment Project</u>:

Mr. Walker reported that Port Engineer Jeff Brown had visited Colonna's Shipyard in Norfolk, Virginia, where the *Nantucket* Mid-Life Refurbishment Project will be performed, and that Captain Edward Jackson was leaving for a visit to the shipyard that day. Mr. Walker also reported that, after the vessel itself leaves for the shipyard around November 18, 2007, there would be the first big kick-off meeting at the shipyard on November 20, 2007. At this point, Mr. Walker said, all of the owner-furnished materials already had been delivered to the site.

<u>Revisions to 2008 Spring Operating Schedules</u>:

Mr. Lamson reported that, as a result of their meetings last month with the Authority's bulk freight reservations customers about next year's operating schedules, management realized that more service will be needed on the Martha's Vineyard route during the 2008 Spring Schedule (from April 4 through May 20, 2008) than what management had proposed earlier that year. Accordingly, Mr. Lamson said, even though that schedule already had been approved by the Members, management was recommending to change it in order to triple crew the *Katama* (instead of double crewing it) during that period and to begin service with the *Governor* (single-crewed, Mondays through Fridays) nine days earlier in May 2008 than currently scheduled in order to provide additional truck capacity just prior to the 2008 Summer Schedule.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to approve the revised 2008 Spring Operating Schedules from April 4, 2008 through May 20, 2008 for the Martha's Vineyard route, as set forth in Staff Summary #MCR 5-07, dated October 11, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

2008 Summer and Fall Vessel Operating Schedules:

Mr. Lamson requested approval of management's revised draft of its proposed 2008 Summer and Fall Vessel Operating Schedules, as set forth in Staff Summary #MCR 6-07, dated October 11, 2007. Mr. Lamson noted that, if the proposed schedules were approved, next year's summer schedule would run from May 21, 2008 (six days later than the commencement of this year's summer schedule) through October 17, 2008, and both next year's summer and fall schedules would be substantially the same as this year's summer and fall schedules, with the following modifications:

(a) The late shoulder portion of next year's summer schedule would begin on September 6, 2008, six days earlier than it did this year; and

(b) The *Nantucket* would provide service on the Nantucket route (in addition to the *Eagle* and a freight boat) through the Memorial Day weekend, after which it would be replaced by the *Sankaty* through June 19, 2008 so that it can be moved to the Martha's Vineyard route to allow some additional time for major cleanings and minor repairs to the *Island Home* and *Martha's Vineyard* prior to the start of the height of the summer season.

Mr. Lamson also advised the Members that, at their last meeting, the Port Council had reviewed the schedules and had voted to recommend to the Members that they be adopted as proposed by management.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to approve the 2008 Summer and Fall Operating Schedules from May 21, 2008 through December 28, 2008, as proposed by management in Staff Summary #MCR 6-07, dated October 11, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Proposed Bulk Freight Reservation Policy Changes:

Mr. Lamson requested the Members to approve several bulk reservation policy changes that management was recommending to address the difficulties that food shippers whose trucks make multiple delivery stops on the islands have in obtaining truck reservations on the Authority's vessels early enough in the day. Specifically, Mr. Lamson said, management was recommending the following bulk reservation policy changes:

(a) to require trucks in the "food" commodity class to have at least 50% of their loads as food in order to receive a priority over trucks carrying other commodities;

(b) to change the Authority's wait list procedures so that, when fulfilling wait list requests, food trucks would be given a higher priority than general freight regardless of the size of the customers' vehicles; and

(c) to give food shippers that make six or more delivery stops on Nantucket in the summer a priority in obtaining reservations over other food shippers that make less than six delivery stops on Nantucket.

Mr. Lamson stated that these changes might also alleviate some of the current traffic congestion during peak hours on Nantucket in the summer when food shippers are trying to make multiple deliveries to restaurants and other food establishments in the downtown area. Mr. Lamson further noted that, at their last meeting, the Port Council specifically had asked management to consider giving a priority to food shippers who make multiple delivery stops on Nantucket during the summer.

In response to questions from the Members, Mr. Lamson stated that management was recommending a threshold of six deliveries before a food shipper on Nantucket be given priority in obtaining reservations because they felt that shippers making five or fewer deliveries could complete them within an hour or so and get back to the next boat. After discussion, the Members agreed that management's proposed changes were sufficiently designed to address the legitimate concerns of all the Authority's customers, and they complimented both the Port Council for their good work on this issue and the Authority's truck coordinators for the fantastic job they do.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to approve the changes to the Authority Bulk Freight Reservation Policies as proposed by management in Staff Summary #GM-512, dated October 11, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Excursion Fares for Individuals in College or Active Military Service:

Mr. Lamson requested that the Members approve a change to the Authority's automobile excursion fare policy to allow individuals who are serving in active military duty and stationed on one of the Islands to be eligible for the automobile excursion fare. In addition, Mr. Lamson stated that management was proposing to standardize and simplify excursion fare policies applicable to Island residents who are college students or are in active military service by allowing them to travel on an excursion rate on a one-way basis regardless of the port of origin and how long they take to return after their departure from the Island.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve management's proposed changes to the Authority's automobile excursion fare policy, as set forth in Staff Summary #L-365, dated October 10, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Memorandum of Understanding with the Barnstable County Fire Chief's Association and the Nantucket Fire Department:

Mr. Lamson then asked the Members for approval of a proposed written memorandum of understanding with the Barnstable County Fire Chief's Association, the Nantucket Fire Department and the Barnstable County Communications Center that memorializes the mutual aid the Authority historically has provided to those other governmental agencies when they are called upon to respond to a disaster situation on the island of Nantucket. Under the memorandum of understanding, Mr. Lamson noted, the Authority will continue to provide emergency transportation of personnel, vehicles and equipment at no cost to the county and municipal agencies involved.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve the Memorandum of Understanding with the Barnstable County Fire Chief's Association, the Nantucket Fire Department and the Barnstable County Communications Center, in the form attached to Staff Summary #GM-513, dated October 11, 2007.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

Proposed 2008 Operating Budget:

Mr. Davis requested approval by the Members of management's revised draft of its proposed 2008 Operating Budget, as set forth in Staff Summary #A-487, dated October 12, 2007. Mr. Davis stated that a number of revisions had been made to the proposed budget over the prior month, including updating the operating schedules, increasing the repair expense for the Nantucket terminal dolphins and docks, revising the vessel fuel oil usage estimate and increasing the expected cost per barrel of crude oil from $70 to $80. As a result, Mr. Davis said, the Authority's operating expenses were expected to increase by $4,800,000 in 2008 over the current 2007 estimate, representing an increase of around 6.8%, with the leading causes for the increase being fuel oil expenses ($2,000,000), depreciation ($975,000), employee health care costs ($400,000), dolphin repairs ($265,000) and payroll ($875,000).

Mr. Davis stated that the proposed budget also assumed that operating revenues would increase to around $81,000,000 (for around a 2.5% increase), inclusive of $700,000 in rate adjustments that will be needed to cover the estimated cost of service. As a result, the Authority's net operating income for 2008 would be expected to be around $4,000,000, or $2,950,000 lower than the projected operating income for 2007.

Mr. Marshall declared that the Authority once again needed to take a hard look at the price of a barrel of oil, observing that even at that time it was $8 higher than the proposed budget's $80 estimate. Accordingly, Mr. Marshall said, based upon the current oil price, the Authority already could be expected to end the 2008 year $800,000 worse than the $4,000,000 of net operating income estimated in management's proposed budget. Mr. Marshall further stated that he was uncomfortable increasing the cost of travel to Nantucket next year by $700,000 due to the large surpluses the Authority was generating in 2007. However, Mr. Marshall said that he would defer to Mr. Ranney as to whether such a fare increase was appropriate, in light of management's past performance in being able to reduce expenses and the additional fuel costs the Authority would be incurring in 2008.

Mr. Ranney declared that he too hated rate increases, particularly when they are only for Nantucket, but he said that management had sufficiently explained to him how certain expenses applying only to Nantucket would be increasing next year and why Nantucket should pay for them. Mr. Ranney also noted that, while management's proposed budget would still show a 2008 net operating income of $3,000,000 without any rate increases, he did not think it would be fiscally responsible to not approve the proposed increase, especially with the price of oil then being at $88 per barrel and the budget estimating that oil will cost only $80 per barrel during 2008. However, Mr. Ranney said that it would be helpful if management would try to further reduce the Authority's administrative expenses and personnel, or at least to reduce the projected increases in those expenses.

Mr. O'Brien declared that the Members would be sticking their heads in the sand if they approved a budget based upon a projected price of oil at $80 per barrel. Indeed, Mr. O'Brien said, the prognostications were that the price of oil could easily go to $100 per barrel, and he felt that the budget should really use an estimate of $90 per barrel and that, as a result, the projected surplus be reduced from $4,000,000 to $3,000,000. While Mr. O'Brien stated that he would also like to forget about the $700,000 rate increase, he did not believe the Authority could afford to do that in light of the oil problem it was facing.

Mr. Marshall agreed, saying that not to assume that the price of oil will be at least $90 per barrel in 2008 would be foolhardy. Similarly, Mr. Ranney acknowledged that a projected price of $90 per barrel would be more realistic. Mr. Davis then noted, however, that the Department of Energy was still predicting that the price of oil would drop in 2008 to around $74 per barrel, but Mr. Marshall responded by saying that the Department of Energy also had a perfect record of being wrong in its oil price predictions.

In response to a question from Mr. Hanover, Mr. Walker stated that management was taking various fuel monitoring measures on the Authority's vessels, although he acknowledged that they were still collecting and digesting data regarding how long it was taking the Captains to make their trips and what RPMs they were using to do so.

Mr. Sayers expressed his concern that, if the Members were to approve a budget with less surplus than proposed by management, sufficient funds may not be available for the repayment of bond principal and interest. Accordingly, Mr. Sayers suggested that the Members might want to approve the budget as proposed and place the matter back on the agenda in January 2008, when they could consider, if necessary, adding a fuel surcharge during the summer months.

But Mr. Marshall declared that it would be very naïve for the Members not to consider the cost of oil that day, and he observed that the cost of oil that day was effectively $90 a barrel. Therefore, after stating that "it is what it is" and that he was going to stand hard on that number, Mr. Marshall moved to recalculate the 2008 Operating Budget based upon an estimated price of oil at $90 per barrel instead of $80 per barrel (thereby increasing vessel operating expenses by approximately $1,000,000), and Mr. O'Brien seconded his motion.

Mr. Davis assured the Members that, even with such a change in the budget, the Authority would still be funding enough to make its interest and bond principal payments. However, Mr. Davis stated that the Authority would not be putting as much into the replacement fund for capital budgets, and he noted that management's proposed budget had assumed that the Authority would be fully funding the replacement fund. Mr. Lamson similarly cautioned that, if the Authority were to increase its projected operating expenses by $1,000,000 without increasing its projected revenues, it would not be able to transfer as much money into the replacement fund and that future capital projects could be delayed.

But Mr. O'Brien noted that the only alternative would be to approve an additional rate increase because the budget should be based on a projected price of oil at $90 per barrel. Mr. Hanover then declared that he also was fully supporting the increase in that cost estimate to $90 per barrel, but he asked whether Messrs. Marshall and O'Brien would accept an amendment to the motion that the Members revisit this subject at their January 2008 meeting to look at the summer season and see how the Authority is doing with fuel expenses at that time. In response, both Messrs. Marshall and O'Brien accepted Mr. Hanover's proposed amendment.

However, Mr. Lamson observed that such a change to the budget would result in net operating income of only 2-1/2% of projected revenues. Therefore, Mr. Lamson recommended that, if the Members were to increase the projected price of oil to $90 a barrel, they also approve additional fare increases. In addition, Mr. Lamson noted, the Authority would be going out with its advance reservations and brochures before the Members' January 2008 meeting, and he felt that any additional fare increases should be decided before many of the Authority's summer reservations are sold.

Mr. Oliveira acknowledged that nobody likes the idea of a fare increase, but he commended management for putting forth very conservative ones to avoid the need for larger fare increases in the future. Mr. Oliveira also stated that the idea of a fuel surcharge would be nuisance both for the Authority's customers and for the Authority who would have to collect it.

Mr. Ranney stated that he recognized what Mr. Lamson was saying, but that he preferred to increase the projected price of oil to $90 per barrel and leave the Nantucket rate increases as proposed. Although acknowledging that it was a risk and a tough call, Mr. Ranney declared that he did not want to raise rates any higher in advance just because the Members think that oil will be $90 per barrel for the year. Therefore, Mr. Ranney said that he would go along with the amended motion that was on the table with an apology to management for not agreeing with them.

Mr. Hanover stated that he was similarly comfortable with the motion as it was then structured. Mr. Marshall then repeated that the $90 per barrel estimate was a real number because it was the actual price of oil right now, and he noted that the Authority will have a much better feel of where the price is going when the Members revisit the issue in January 2008. Mr. Marshall also stated that, if as a result of the delay the Authority misses the opportunity to include a fare increase in one of its brochures, so be it.

In response to a question from Mr. Ranney, Mr. Lamson stated that capital projects that might have to be delayed if the Authority is unable to make sufficient transfers into its replacement fund include the *Eagle* Mid-Life Refurbishment Project, the Hyannis Slip Improvements Project, Phase 2 and Phase 3 of the Oak Bluffs Terminal Reconstruction Project, and the dredging project around the Fairhaven Vessel Maintenance Facility, although he noted that the dredging project would have higher priority than the other projects because of the Authority's need to use that facility.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to adopt the 2008 Operating Budget proposed by management in Summary #A-487, dated October 12, 2007, contingent upon the approval of the necessary rate adjustments as in the judgment of the Members are best adapted to insure sufficient income to meet next year's projected cost of service, with the following amendments:

(a) to recalculate the 2008 Operating Budget based upon an estimated price of oil at $90 per barrel instead of

$80 per barrel (thereby increasing vessel operating expenses by approximately $1,000,000); and

(b) that the Members revisit this subject at their January 2008 meeting to look at the summer season and see how the Authority is doing with fuel expenses at that time.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Proposed 2008 Rate Adjustments:

Mr. Davis reported that, in order to ensure that each island pays for its own cost of service, all of next year's fare increase will have to be allocated to the Nantucket route, primarily due to the dolphin repairs taking place at the Nantucket terminal in 2008 and the fact that three vessels primarily serving the Nantucket route (the *Eagle*, *Gay Head* and *Nantucket*) are all going to be dry-docked in 2008. Mr. Davis then stated that, with the proposed distribution of rate adjustments by route, projected total revenues and non-service income are expected to be split 56% for the Martha's Vineyard route and 44% for the Nantucket route, while 55.2% of the cost of service is expected to be for the Martha's Vineyard route and 44.8% of the cost of service is expected to be for the Nantucket route.

Mr. Davis also reported that, after the Port Council meeting earlier in the month, management had revised the Nantucket rate adjustments that had been initially proposed after discussions with Mr. Ranney and Nantucket Port Council member Nathaniel Lowell. Specifically:

- Nantucket one-way high-speed passenger fares would increase from $29.00 to $30.00, with corresponding increases in the child, senior citizen and group high-speed passenger fares. However, the price of the 10-ride high-speed passenger ticket book would remain at $240.

- Nantucket one-way regular automobile fares would increase by $5.00, with a corresponding increase in the commercial vehicle rates (for commercial vehicles under 20 feet).

- Nantucket commercial vehicle rates for vehicles 40 feet or more in length would increase by three percent (3%).

- The Hyannis parking rates would decrease from $8 to $5 per calendar day from January 1 through March 31. They would then cost $10 per calendar day during the shoulder seasons (from April 1 through May 14, and again from September 15 through December 31). From May 15 through September 14, they would cost $12 per calendar day, except that the Airport lot would continue to cost only $10 per calendar day and the rates at the Lewis Bay Road and Yarmouth Road lots would increase from $12 to $15 per calendar day during that time for Fridays through Sundays only.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to approve the rate adjustments as proposed by management in Staff Summary #A-488, dated October 12, 2007, effective January 1, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

After the vote, Mr. Marshall asked whether the Port Council could also review the rates being charged for the Authority's year-round parking permits to see whether it might be appropriate to make any adjustments in those rates as well.

Treasurer's Report:

Mr. Davis reported that there were increases in both passenger and automobile traffic for the month of September 2007 over the same month in 2006, and that the number of passengers on the high-speed ferry between Hyannis and Nantucket had increased by 22.1%. By contrast, Mr. Davis reported that truck traffic continued to decrease during that month from the previous year.

Mr. Davis also reported that September 2007 revenues had exceeded budget expectations by an estimated $425,000, and that expenses during that month similarly were expected to be $240,000 lower than budgeted. Mr. Davis stated that, as a result, the Authority's net operating income for the first nine months of 2007 was expected to be $12,900,000, or $4,400,000 higher than projected.

Port Council's Report:

Mr. Huss reported that the Port Council similarly had discussed earlier that month all of the matters that the Members had considered that day, including the rate increases for Nantucket and changes in the bulk reservation policy. Mr. Huss also reported that, at their next meeting, the Port Council intended to discuss the various issues surrounding the use of the lift decks on the *Island Home*, observing that there should be a policy regarding their use that should be made known to everyone. In this regard, Mr. Huss observed that the *Island Home's* lift decks had been used very successfully while the *Governor* was out of line service, and that they seem to have alleviated a lot of the problems associated with traveling on a standby basis.

Mr. Hanover agreed, and asked management to develop a policy for consideration by the Members at their next meeting regarding how the lift decks on the *Island Home* should best be utilized. In this regard, Mr. Hanover declared that the Authority should be taking full advantage of the lift decks, perhaps leaving one down at all times and using the other one at the agents' discretion. Mr. Hanover also suggested that management consider having the *Island Home* carry only cars during the weekends.

Mr. Lamson cautioned, however, that any changes in policy could have enormous ramifications and unintended consequences. Therefore, Mr. Lamson suggested that management discuss the subject with the Port Council, noting that the lift decks were currently being used only when there are disruptions in service, at the end of the day when there are customers who otherwise would be stranded or in order to tie up the freight boats earlier, during periods of high traffic, and for training.

Mr. Oliveira suggested that management look at how other operations use lift decks, particularly the Cross Sound Ferry which has had them for many years. However, Mr. Oliveira stated that, in his opinion, given the fact that the Authority has now built a boat with lift decks, we should use them to full capacity. Similarly, Mr. Marshall observed that the Authority could eliminate one trip a day, thereby saving a lot fuel, if it were regularly to use the lift decks on other trips of the *Island Home*, although he acknowledged that the original idea was not to use them except for emergencies.

Mr. Lamson also noted that regularly using the lift decks would adversely impact the Authority's truck carrying capacity, especially early in the morning, and that it would prove difficult on those trips where the *Island Home* has only fifteen minutes to turn around. Mr. Huss similarly observed that unloading the lift decks in Vineyard Haven would create more traffic problems in Vineyard Haven due to Five Corners, and recounted how he recently had been sitting in his car for quite a while on one of the Authority's vessels waiting to disembark because of the traffic backup there.

Ultimately, the Members agreed that management should discuss these issues with the Port Council at their next meeting on November 1, 2007 before presenting a proposed policy to the Members for their consideration. Further, Mr. Ranney asked the Port Council to review the use of the freight boats during the weekends on the Nantucket route, saying that he did not think the Authority should operate trips when only a few trucks are being carried. Instead, Mr. Ranney said, the terminal agents should have the discretion to cancel trips when they are not full and the Authority can save fuel.

New Business:

Mr. Hanover asked that, in advance of the 2008 summer season, the Authority have a large sign created for the Oak Bluffs terminal to inform customers to go to the Vineyard Haven terminal when boats are redirected there. Mr. Hanover also asked that management develop a policy to contact the Martha's Vineyard Regional Transit Authority in those situations so that customers will be able to get to the Vineyard Haven terminal.

Mr. Hanover thanked management for the use of the *Martha's Vineyard* in connection with the fire drill being conducted by the island fire departments at the Oak Bluffs terminal later that month that will reenact a vehicle deck fire where passengers are trapped on the upper decks. Mr. Hanover commended both the Authority's management and the fire departments for being proactive on this important safety issue.

Public Comment:

Martha's Vineyard resident Cora Medeiros complained that the Authority still did not have a sign at the Vineyard Haven terminal identifying it as the Authority's terminal. In response, Mr. Hanover stated that he and Mr. Lamson had met with the Tisbury Department of Public Works on that subject and that there should be substantial changes and signage at the terminal by the Spring of 2008.

Ms. Medeiros then observed that it was difficult for older passengers to walk the entire length of the Oak Bluffs pier in order to board or disembark there. In response, Mr. Hanover noted that the Authority has a golf cart at the Oak Bluffs terminal to carry passengers who have difficulty walking to and from the boat. Finally, Ms. Medeiros stated that several customers thought that the Authority's passenger tickets were valid only from one port on the island because they say either "Vineyard Haven" or "Oak Bluffs," and she asked that the Authority state on its tickets that they are valid for either port.

At 11:59 a.m., Mr. Oliveira entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, contract negotiations with nonunion personnel, and the deployment of security personnel and devices.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

November 20, 2007

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 20th day of November, 2007, beginning at 9:30 a.m., in Room 314 of the New Bedford City Hall, located at 133 William Street, New Bedford, Massachusetts. All five Members were present: Chairman David J. Oliveira of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Vice Chairman S. Eric Asendorf of Falmouth and Port Council members Philip H. Chase, Jr. of New Bedford and Robert R. Jones of Barnstable were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/ Comptroller Robert B. Davis; Manager of Reservations and Community Relations Gina L. Barboza; Director of Information Technologies Mary T.H. Claffey; Director of Marketing Kimberlee McHugh; Director of Terminal and Parking Operations Mark Rozum; Director of Security Lawrence S. Ferreira; and General Counsel Steven M. Sayers.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for September 2007, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried 4.8% more passengers (with a 22% increase on the *Iyanough*), 0.9% more automobiles and 5.2% fewer trucks during that month compared to September 2006.

Mr. Lamson also reported that the Authority's net operating income for the month of September 2007 had been around $3,000,000, around $657,000 higher than what had been projected. As a result, Mr. Lamson said, the Authority's net operating income for the first nine months of 2007 had been around $13,000,000, approximately $4,400,000 higher than what had been projected.

Fairhaven Bulkhead and Pier Improvements:

Mr. Lamson reported that AGM Marine Contractors, Inc. was continuing to run into more rock and other debris at the bottom of the north wall of the pier at the Fairhaven Vessel Maintenance Facility as they install the sheet piling around the pier. As a result of the additional equipment, labor and time required to remove the buried debris, Mr. Lamson said, AGM will be entitled to a change order that may run as high as $200,000. However, Mr. Lamson reported that the project was remaining on schedule and that the foundation for the transfer bridge (which will be moved from the Oak Bluffs terminal) had been completed.

Oak Bluffs Terminal Reconstruction Project:

Mr. Lamson reported that the contractor, RDA Construction Corp., had removed the head dolphins at the Oak Bluffs terminal and was in the process of demolishing the turning dolphin and dismantling the transfer bridge (which will be installed at the Fairhaven vessel maintenance facility). Mr. Lamson also reported that the pipe piles were arriving at the site that week, that the new 50-foot transfer bridge was being constructed, and that this project remained on schedule as well.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Lamson reported that the *Nantucket* had left for Colonna's Shipyard in Norfolk, Virginia, at 12:30 a.m. the previous Sunday, that it had arrived there safely at 9:00 a.m. the previous day, and that the crew was returning home that day. Mr. Lamson also reported that the shipyard was holding a kick-off meeting that day with Director of Engineering Carl R. Walker, Project Manager Edward Jackson and Port Engineer Jeff Brown.

Proposed Advertising Guidelines:

Mr. Lamson asked the Members to approve management's proposed guidelines to regulate the display of advertising on the Authority's facilities, including its vessels, terminals, shuttle buses and all of its other buildings, structures and vehicles. Mr. Lamson stated that these guidelines were being established to preserve the Authority's facilities for the purposes for which they are designed and dedicated, to maintain the safe and orderly operations of the Authority's facilities, and to maximize revenues generated by such advertising.

Mr. Lamson also observed that, under the guidelines, advertisers of all products will have to comply with minimum standards (such as no profanity, nudity or graphic violence), and certain forms of advertising (including but not limited to advertisements for tobacco products, "adult"-oriented goods or services, or political campaign speech) will not be permitted for placement, while advertisements for other products (such as alcoholic beverages) will only be allowed if certain restrictions are met. Mr. Lamson stated that the guidelines also reserve the Authority's right to disapprove placement of advertisements if they risk damage or injury to the Authority's passengers, employees or facilities, or if they might interfere with the Authority's operations. Mr. Lamson also noted that, at their meeting earlier that month, the Port Council had voted to recommend that the Members adopt the guidelines as proposed.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to approve management's proposed guidelines regulating advertising on the Authority's facilities, as set forth in Staff Summary #GM-515, dated November 14, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Request from New England Fast Ferry of Massachusetts, LLC for an Amendment to its License Agreement with the Authority:

Mr. Lamson then reported that, by letter dated November 9, 2007, New England Fast Ferry of Massachusetts, LLC ("NEFF") had requested permission to reduce its off-season ferry schedule (October 15 through April 15) between New Bedford and Martha's Vineyard to two daily round trips on weekdays only. Mr. Lamson noted that, currently, NEFF was providing three round trips seven days a week; but that, in support of its request, NEFF had stated that it had not seen any meaningful demand for its service during the last three winter seasons, and that the only group of regular passengers consisted of the small number of around 10 to 15 construction workers who commute from the mainland to the island on weekdays. Mr. Lamson said that NEFF had advised him that this level of demand was totally inadequate to cover even the cash operating costs for fuel and crew for the daily vessel operation, much less contribute towards the other operating and capital costs. Indeed, Mr. Lamson reported that if, after completion of this upcoming winter schedule, there continues to be a lack of sufficient demand, NEFF has stated that it will then be forced to drop the entire winter service next year.

However, Mr. Oliveira requested that the Members postpone considering NEFF's request until their December 2007 meeting so that the Mayor of the City of New Bedford and the New Bedford Harbor Development Commission will have the opportunity to discuss the matter with NEFF and notify the traveling public. Mr. Oliveira stated that he expected that the parties would be able to resolve whatever issues the request might raise and that the Members could then act on the matter next month.

Mr. Marshall stated that he appreciated and respected Mr. Oliveira's concern for his constituents, although as a businessperson he felt that NEFF had made a strong case that it is simply not economically sound to continue to operate its winter schedule. In response, Mr. Oliveira said that he did not disagree with Mr. Marshall on the merits, but that he thought it was appropriate to provide the City with the opportunity to consider this matter as well, especially since it was a party to the overall agreement. The Members agreed, and Mr. Marshall suggested that the parties might also want to review the City's efforts to provide ferry service between New Bedford and Woods Hole, saying that Falmouth's service industry would appreciate it especially during the summer.

Proposed Interim Guidelines for the Regular Use of the Lift Decks on the M/V Island Home:

Mr. Lamson then requested that the Members approve management's proposed interim guidelines for the use of the *Island Home's* lift decks during the off season on a trial basis to allow the Authority to provide better service. Currently, Mr. Lamson said, the Authority was using the lift decks only to help recover from a disruption of service, to prevent standby customers from being left behind overnight, to eliminate the last freight boat trip at night when there are fewer than 16 cars to be carried, to help accommodate specific periods of increased demand for vehicle deck space in lieu of running additional vessels, and for training. Mr. Lamson stated that, under the proposed guidelines, the Authority would have the ability to use the lift decks on a more regular basis to carry additional automobiles during high demand periods. Mr. Lamson noted that, depending on the time of the day and the day of the week, the vehicle space allocations would be increased on certain trips to allow for the use of one or both lift decks.

Specifically, Mr. Lamson said, the guidelines called for the use of at least one of the two lift decks except for the vessel's first two weekday daily trips from Woods Hole and its first weekday daily trip from Vineyard Haven, and he stated that the Authority would correspondingly increase the vessel's car allocation by eight preferred spaces that islanders will be able to book one to seven days in advance. If those spaces are not booked, Mr. Lamson stated that they would be available first for standby customers and then for customers with reservations on later trips. At night (and during some afternoons on weekends), Mr. Lamson stated that the Authority would use both lift decks, but the additional capacity created by the second lift deck would not be available for reservations. Instead, Mr. Lamson said, it would be used to carry standby customers first and then customers with reservations on later trips.

Mr. Lamson observed that, by following this interim policy over the next few months, the Authority would have the opportunity to evaluate the benefits, impacts and possible consequences if the policy were to be continued on a permanent basis. However, Mr. Lamson emphasized that it would not address the use of either of the lift decks on "reservation only" days, as this test period would only last through the off season.

Mr. O'Brien observed that figuring out when the Authority is able to use one or both or none of the lift decks represented a scheduling nightmare, and he complimented management for taking on this challenge. Mr. Lamson noted that the use of the lift decks during weekends would also change between season operating schedules, because the Authority had to allocate more spaces for trucks on weekends during the winter because it does not have a freight boat operating on weekends then. Mr. Lamson also stated that, in the event the Authority were to allocate spaces for trucks on a particular trip, thereby preventing customers from reserving additional spaces provided by the lift decks, the terminal agents would still be authorized to lower the lift decks for passenger cars if trucks don't end up using all of their allocated spaces.

Mr. Marshall expressed his support for providing the terminal agents with such discretion, declaring that the Authority had people with considerable talent managing the terminals and that it should not lose the opportunity to have them exercise their good judgment. Mr. Hanover agreed, saying that the ultimate decision as to whether to use an additional lift deck should always lie with the terminal agents. Mr. Oliveira then expressed the Members' thanks both to management for its prompt response to the Members' request for proposed guidelines and to the Port Council for their review and consideration of this entire subject.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve management's proposed guidelines for the expanded use of the M/V Island Home's lift decks during the off season on a trial basis, as described in Staff Summary #GM-517, dated November 14, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Treasurer's Report:

Mr. Davis reported that there were increases in passenger, automobile and truck traffic for the month of October 2007 over the same month in 2006, and that the number of passengers on the high-speed ferry between Hyannis and Nantucket had increased by 38%. Mr. Davis also reported that October 2007 revenues had exceeded budget expectations by an estimated $675,000, but that expenses during the month were also expected to be around $775,000 higher than budgeted, due primarily to higher-than-anticipated maintenance expenses, higher health claims, and one-time adjustments in depreciation expenses for certain new assets. Mr. Davis stated that, as a result, the Authority's net operating income for the first ten months of 2007 was expected to be around $13,000,000, or $4,400,000 higher than projected.

Food Concession Contract:

Mr. Lamson requested that the Members award the Authority's new food concession contract that will run from January 1, 2008 through December 31, 2012 to Boston Culinary Group, Inc. ("BCG") of Cambridge, Massachusetts. In this regard, Mr. Lamson recounted how BCG was the Authority's current food concessionaire and had been providing this service since 1993. Mr. Lamson also advised the Members that, although the Authority had received four requests for the Request for Proposals package for this contract, ultimately BCG was the only concessionaire that submitted a responsive proposal, and that the evaluation committee evaluating its proposal gave highly advantageous ratings to its background information, operating experience and proposed operating plan.

Mr. Lamson noted that, under its proposal, next spring BCG will start a new Loyalty Program (similar to a frequent flier or frequent purchaser program) that will provide customers with points for each of their purchases which will then be redeemable for menu discounts and/or merchandise. Mr. Lamson stated that BCG will also devote resources to develop a merchandising program at select locations and online, and will continue to pay the Authority concession fees equal to a percentage of its sales (17% on food, 22.5% on alcoholic beverages, 21% on vending and 19.2% on merchandising).

Mr. Ranney stated that he was very impressed with BCG's presentation, but asked BCG representative David Oberlander whether BCG could use more local products if possible, although he acknowledged that it may be cost prohibitive to use local products such as Nantucket bay scallops. Mr. Ranney also had a suggestion for a sandwich that he called the BLOAT afloat, with bacon, lettuce, onion, avocado and tomato, and declared that BCG had to have hot dogs on board the *Iyanough*, as many island residents had asked for them.

Mr. Ranney further complimented Mr. Oberlander on the great job that BCG had done for the Authority and its personnel program, which he said the Authority should think about adopting. Messrs. Marshall and Hanover agreed, and thanked Mr. Oberlander and BCG President Joseph Armstrong for all of the excellent service BCG had provided the Authority's customers over the years.

Mr. Oliveira stated that he similarly had been very impressed with BCG's presentation and its merchandising proposal. But Mr. Oliveira encouraged BCG to consider environmental awareness and nutritional labeling, noting that a lot more could be done in those areas especially with the sophisticated customer base on the Authority's vessels. Mr. Oliveira also asked BCG to work with the Authority on recyclables and returnable containers as part of the Authority's waste management, observing that the Authority was in the process of developing a comprehensive recycling program and that BCG should be part of that discussion.

Finally, Mr. Ranney noted that BCG's pro forma statement projected that it would have $350,000 worth of merchandising sale during the first year, and he asked Mr. Oberlander whether the merchandise would carry an Authority theme. When Mr. Oberlander said it would, Mr. Ranney reminded him that the items would then have to be approved by Mr. Lamson.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to award the Authority's Food Concession Contract, Contract No. 16-07, to the Boston Culinary Group, Inc. of Cambridge, Massachusetts, for the period from January 1, 2008 through December 31, 2012.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

M/V Gay Head Dry-dock and Overhaul Service Contract:

Mr. Lamson asked the Members to award the contract for dry-dock and overhaul services for the *Gay Head*, Contract No. 18-07, to Thames Shipyard & Repair Company of New London, Connecticut, the lowest responsible and eligible bidder for the contract, for a total contract price of $361,400. Although

Mr. Lamson noted that the bid was higher than the $300,000 original budget estimate for this contract, he stated that management would be reducing the scope of the work by around $30,000 in order to come closer to that projection.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to award the Contract for Dry-dock and Overhaul Services for the M/V Gay Head, Contract No. 18-07, to Thames Shipyard & Repair Company of New London, Connecticut, the lowest responsible and eligible bidder for the contract, for the Total Contract Price of $361,400.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Port Council's Report:

Mr. Chase reported that the Port Council similarly had discussed earlier that month all of the matters that the Members had considered that day. With respect to the use of the lift decks on the *Island Home*, Mr. Chase noted that the Port Council had recommended that the Authority expand its use of the lift decks and then address any problems that resulted from such use as they arose. Mr. Chase also reported that, in January 2008, the Port Council would be considering whether there might be a need to adjust the rates for the Falmouth/Woods Hole parking permits depending upon what the price of fuel is at that time.

Mr. Lamson then stated that management might be asking the Members to revise the 2008 Operating Budget at their December 2008 meeting due to the fact that fuel prices had not declined since their October 2008 meeting. In response, Mr. Hanover said that, if necessary, he would consider increasing the Authority's summer parking rates. On the other hand, Mr. Marshall suggested considering a fuel surcharge, which would preserve the Authority's flexibility to increase or decrease rates as its fuel costs changed; but Mr. Hanover stated that he would only support a fuel surcharge as a last resort.

Transportation Policy for Current and Former
Authority Members and Port Council Members:

Mr. Oliveira stated that the only new business on the agenda was the issue of whether the transportation policy for current and former Members and Port Council members should be revised in any way. Mr. Sayers described the historical background of the Authority's current policy, pursuant to which the Authority provides the Members and the Port Council members (and the previous Finance Advisory Board members), as well as their spouses, with free transportation on the Authority's vessels for both themselves and their vehicles both during the period of their service and after their service as such members have ended for the rest of their lives. Mr. Sayers also noted how, a few months ago, Mr. Hanover had asked whether the Members could make any changes to that policy and that, in response, Mr. Sayers had advised him that the Members first needed to file written disclosures of the conflict of interest inherent in deciding upon their own free travel with both the State Ethics Commission and their appointing authorities and receive authorization from their appointing authorities to participate in this matter.

Mr. Sayers then recounted how Messrs. Hanover, Ranney and Oliveira had all filed the necessary written disclosures and had received authorization from their respective appointing authorities to participate in this matter. But Mr. Sayers noted that Messrs. Marshall and O'Brien had decided not to do so because the policy affects them so insignificantly. Therefore, although they could theoretically participate in the matter to the extent it only pertained to the Port Council members, Mr. Sayers stated that his recommendation would be for Messrs. Marshall and O'Brien to decline to participate in all aspects of any discussion or decision of this matter.

Mr. Sayers further informed the audience that, in the 1980s, the State Ethics Commission had determined that, in light of the predominant industry-wide practice of providing free travel to similarly situated individuals in the private sector, the provision of such free transportation to current and former Members and Finance Advisory Board members (the predecessors of today's Port Council members), as well as their spouses, was warranted and not in violation of the State Conflict of Interest Law. Accordingly, Mr. Sayers said, the Members could leave the current policy completely unchanged, which would provide them with as much free travel as they want, and such a course of action would be perfectly appropriate.

Mr. Oliveira observed how the current Members had been able to focus over the past few years on constantly improving the Authority's customer service and how his being able to travel on both the Authority's vessels and other ferries to observe their operations has greatly contributed to his efforts. Therefore, Mr. Oliveira said, he thought that the policy of providing free travel for current and former Members was a good one, although it might be appropriate to limit the free travel policy for Port Council members so that it only applies to them while they serve as Port Council members or, alternatively, to limit free travel for former Port Council members to those who have served a minimum number of five or so years, or to provide only free passenger travel to former Port Council members.

In response to a question from Mr. Ranney, Mr. Sayers described what the Authority's travel policy at that time was for both current employees (and their spouses) and former employees who retired with at least twenty years of service (and their spouses), as follows:

- They may purchase a reservation for their vehicle (or themselves when traveling on the Authority's high-speed ferry) when traveling for personal reasons and pay one-half of the applicable fare that they otherwise would be required to pay as a similarly situated member of the public. Otherwise, they are subject to the same reservation and other policies as those governing other members of the general public, and are treated in all other respects as any other customer. They receive no special privileges or priority in boarding, but neither are they subject to any treatment or rules that are less favorable than any other customer with a reservation. Further, such reservations are available to them only to the extent they are available to similarly situated members of the general public. No one receives any special treatment or privileges in obtaining any such reservations.

- They may also travel on a standby basis and pay one-half of the applicable fare that they otherwise would be required to pay as a member of the public. Otherwise, they are subject to the same policies as those governing other members of the general public, and are treated in all other respects as any other customer. They receive no special privileges or priority in boarding, but neither are they subject to any treatment or rules that are less favorable than any other customer traveling on standby.

- They may travel on a no-charge basis only when space is available. That means that, his or her personal vehicle (or the personal vehicle of his spouse) will not be transported free of charge until all revenue-generating vehicles are loaded, including standbys. Similarly, he or she will not be allowed to board a vessel as a passenger if there is otherwise insufficient passenger capacity for all other revenue-paying passengers.

Mr. Ranney then suggested that a fair approach may be to adopt the same travel policy for Members and Port Council members that the Authority has for its current and retired employees. The only difference, Mr. Ranney said, would be that the policy would apply to Port Council members only while they are serving as Port Council members, while it would apply to Members for the rest of their lives. Mr. Hanover stated that he thought Mr. Ranney's proposal was more than fair, and recounted how he had been told when he became a Port Council member that he would not receive any free travel after his service ended.

Dukes County Commissioner and Tisbury Selectman Tristan Israel then stated that he did not feel that the Members should have any benefits that are different from any other citizen's benefits after they finish serving as Members, although he declared that they should receive remuneration while they serve as Members because of all of the time they devote to the Authority. Mr. Israel also stated that he had heard complaints from island residents about the free travel given to former Members because it sets them up as being special, and instead suggested that the Members could individually honor former Members who serve for perhaps ten or fifteen years by providing them with free travel after their service has ended. However, Mr. Israel said, he believed it was not fair to provide free travel to someone who may only serve for one year, and he thought that it sent a bad message for Members to not have to pay for their travel like everyone else after they leave office.

In response, Mr. Oliveira stated that he was personally comfortable with following the industry standard in this area, although he agreed that the ability of someone to travel for free for the rest of his or her life after serving for only one year was a cause for concern that should be addressed. Mr. Hanover then proposed that former Members must serve a full term before they are entitled to travel under this policy, and that it apply to travel on board the Authority's licensees' vessels as well. However, Mr. Hanover stated that he did not believe the policy should be changed with respect to those who were already former Members, and that the old policy should continue to apply to them.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to revise the Authority's travel policy for Members and Port Council members as follows:

1. that current Members (and their spouses), former Members who have served at least three years as a Member (and their spouses), and current Port Council members (and their spouses) will be able to travel on board the Authority's vessels under the same terms and conditions as those that govern the travel of the Authority's current employees (and their spouses);

2. that this new travel policy for current and former Members (and their spouses) and current Port Council members (and their spouses) will also apply to their travel on board vessels of the Authority's licensees; and

3. that any individual who is already receiving free travel due to his (or her spouse's) former service as a Member shall continue to be eligible for such free travel under the Authority's previously existing policy.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. Hanover	35 %	
TOTAL	70 %	0 %

Messrs. O'Brien and Marshall took no part in any of the discussion or the vote pertaining to this subject.

At 10:50 a.m., Mr. Oliveira entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, contract negotiations with nonunion personnel, and the deployment of security personnel and devices.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

December 18, 2007

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 18th day of December, 2007, beginning at 9:40 a.m., in Rooms 104 and 105 of the Marine Biological Laboratory's Candle House, located on Water Street, Woods Hole, Massachusetts. All five Members were present: Chairman David J. Oliveira of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Chairman Robert V. Huss of Oak Bluffs and Port Council member Robert R. Jones of Barnstable were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/ Comptroller Robert B. Davis; Manager of Reservations and Community Relations Gina L. Barboza; Director of Information Technologies Mary T.H. Claffey; Director of Engineering and Maintenance Carl R. Walker; Director of Marketing Kimberlee McHugh; Director of Terminal and Parking Operations Mark Rozum; Woods Hole Terminal Manager Kevin Smith; and General Counsel Steven M. Sayers.

Election of Officers:

Mr. Oliveira announced that, in accordance with the Authority's Enabling Act, H. Flint Ranney, as the Authority's Nantucket Member, automatically will become the Authority's Chairman for 2008. Mr. Oliveira then entertained motions for the election of the remainder of the Authority's officers for the upcoming year.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to elect Robert L. O'Brien to serve as the Authority's Vice Chairman for the year 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	80 %	0 %

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to elect Marc N. Hanover to serve as the Authority's Secretary for the year 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Marshall	10 %	
TOTAL	55 %	0 %

Mr. Marshall then took the occasion to acknowledge the performance of Mr. Oliveira as the Authority's Chairman over he past year, and complimented him on another peaceful and productive year. Mr. Marshall also stated that, in 2008, he was looking forward to the Authority's next Chairman, Mr. Ranney, following the pattern that had been so successfully established by Mr. Oliveira. Mr. Hanover agreed, declaring that he similarly wanted to thank Mr. Oliveira and that it had been an exceptional year.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to approve the minutes of the Members' meetings in public session on October 16 and November 20, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for October 2007, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried 6.3% more passengers (with a 38% increase on the *Iyanough*), 1.2% more automobiles and 2.0% more trucks during that month compared to October 2006.

Mr. Lamson also reported that the Authority's net operating loss for the month of October 2007 had been around $4,600, with higher-than-expected revenues being offset by higher-than-expected operating expenses. As a result, Mr. Lamson said, the Authority's net operating income for the first ten months of 2007 had been almost $13,000,000, approximately $4,300,000 higher than what had been projected. Mr. Lamson noted, however, that this variance would be somewhat lower by the end of the year due to the fact that the dolphins at the Nantucket terminal were being repaired at the end of 2007 instead of at the beginning of the year, as had been budgeted.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker reported that the Oak Bluffs terminal reconstruction project was proceeding pretty well, although it was currently about one to two weeks behind schedule due to a factory delay in the production of the large piles needed for the project. Mr. Walker also reported that the head dolphins and the turning dolphin had been demolished and removed, that work on the piles for the north lanes would start that week, that the drawings for the transfer bridge had been approved, and that there were no significant change orders to date. Mr. Walker further noted that the contractor would be working right through the winter and expected to be finished on schedule.

Fairhaven Bulkhead and Pier Improvements:

Mr. Walker reported that, although the installation of the sheet piling around the pier of the Authority's Fairhaven Vessel Maintenance Facility had been delayed a couple of weeks, the work was now around 95% complete. However, Mr. Walker said that he expected that there would be around $200,000 worth of change orders due to the great deal of subsurface debris that the contractor had encountered. Mr. Walker also noted that the facility would not be operational until the dredging around the pier is completed, and that the Authority could not start the dredging until the new contained aquatic disposal (CAD) cell is opened in New Bedford harbor because there are no other places to put the dredge spoils. Further, because funds for the new CAD cell may not be approved until Spring 2008, Mr. Walker stated that it did not appear that the Authority would be able to begin the dredging until September or October 2008 and that, as a result, next fall the Authority may need to continue its vessel repair operations at the Fall River State Pier, where it has been operating since the commencement of this project.

Mr. Lamson informed the Members that he had written to Lieutenant Governor Tim Murray, who is the Chairman of the Seaport Advisory Council, about the urgency of the situation, and was attempting to get in touch with him before the next meeting of the Seaport Advisory Council that upcoming Friday. But Mr. Marshall expressed his concern that the Governor's office must not understand the ramifications of this delay, especially since it will also result in the pier being unavailable to moor the Authority's vessels behind the hurricane barrier in New Bedford harbor in the event of a hurricane this summer. In response, State Representative Eric Turkington stated that he would pursue the matter.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Walker then reported that Colonna's Shipyard in Norfolk, Virginia, had finished about 90% of the asbestos removal and joiner work from the *Nantucket*, had already cut off the vessel's old pilot house and had put in place its new pilot house the previous Friday, and had also put in place the vessel's new electrical switchboard and boiler. Mr. Walker further reported that he continued to be impressed with the shipyard's efficiency and workmanship, which may result in the vessel being ready earlier for delivery to the Authority by the end of March 2008, although he noted that there were already almost $250,000 in change orders due to the fact that more steel needed to be replaced than anticipated, lead paint abatement and the fact that certain aspects of the vessel's actual conditions turned out to be different than what was depicted on its as-built drawings.

Hyannis Terminal Slip Improvements:

Mr. Lamson reported that the Authority had submitted its proposal with the United States Army Corps of Engineers to realign Slip #2 at the Hyannis terminal and install a floating pier and related facilities for passenger access to the fast ferry. Mr. Lamson also reported that the United States Army Corps of Engineers had established and advertised a public comment period for the Authority's proposal that would end on January 11, 2008.

Request from New England Fast Ferry of Massachusetts, LLC
for an Amendment to its License Agreement with the Authority:

Mr. Lamson stated that, as he had reported at the Members' previous meeting on November 20, 2007, New England Fast Ferry of Massachusetts, LLC ("NEFF") had requested permission to reduce its off-season ferry schedule (October 15 through April 15) between New Bedford and Martha's Vineyard to two daily round trips on weekdays only. Mr. Lamson further stated that management was recommending that the Members approve an amendment to NEFF's license agreement allowing this reduction in its winter schedule, and that the Port Council had voted to support management's recommendation at their meeting earlier that month.

Mr. Oliveira then thanked the other Members for having delayed taking any action on NEFF's request the previous month, saying that the additional time had allowed the City of New Bedford to discuss the matter directly with NEFF. Mr. Oliveira also observed that it was no surprise that NEFF's winter service, which had been originally requested by the Authority's former Dukes County Member, was not as popular as NEFF's summer service, and he noted that the Authority wanted to do everything it could to help maintain NEFF's popular summer service. Mr. Marshall agreed, and asked Andrew Langlois, NEFF's Vice Chairman, if NEFF could also continue to look at the feasibility of having its vessels make a stop in Woods Hole en route between New Bedford and Martha's Vineyard.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to approve the request from New England Fast Ferry of Massachusetts, LLC for a reduction in the minimum level of service it is required to provide during the off-season under its license agreement with the Authority to two round trips on weekdays and no service on weekends, effective January 1, 2008, and to authorize the General Manager to execute an amendment to the license agreement allowing such a reduction in its off-season service, as recommended by management in Staff Summary # GM-516, dated November 14, 2007.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

2008 Reservation Opening Dates:

Mr. Lamson then provided the Members with Staff Summary #MCR 7-07, dated December 12, 2007, setting forth the dates that reservations will become available for the 2008 Summer and Fall Operating Schedules. As set forth in that staff summary, the new reservation opening dates for the 2008 Summer and Fall Operating Schedules will be as follows:

January 3, 2008	Headstart Reservations for the 2008 Summer Schedule will become available by mail and on the Authority's website only.
January 14, 2008	Reservations for the general public for the 2008 Summer Schedule will become available by mail and on the Authority's website.
January 22, 2008	Reservations for the general public for the 2008 Summer Schedule will become available over the telephone.
June 18, 2008	Reservations for the 2008 Fall Schedule will become available over the telephone and on the Authority's website.

In response to questions from the Members, Ms. Barboza stated that the Headstart reservation period was being reduced by almost a week this year because the Reservations Department was able to process all of the reservation requests more quickly than in the past, given the fact that more reservations were being made on the Authority's website. Indeed, Ms. Barboza noted that there were now two to three times more Headstart reservations being made on the Authority's website than through the mail. Ms. Barboza also advised the Members that the hours for the Reservations Office ended at 5:00 p.m., and are extended to 9:00 p.m. only on reservation-only days during the summer.

Proposed 2007 Capital Budget:

Mr. Davis presented the Members with management's proposed 2008 Capital Budget, as set forth in Staff Summary #A-490, dated December 13, 2007, noting that the budget included requests for new projects that together were estimated to cost $3,319,000, including the dredging project at the Authority's Fairhaven Vessel Maintenance Facility ($2,000,000), two shuttle bus replacements ($286,000), off-site and E-ticketing processing ($228,000), design and engineering for sewage pump-out stations at four of the Authority's terminals ($200,000), and various computer replacements. Mr. Davis also noted that the budget included three more proposed new projects that are contingent upon obtaining funding through state or federal grants, additional transfers to the Replacement Fund, the issuance of additional bonds or notes, or the disposal of property (namely, the *Flying Cloud*), and that those additional contingent projects were Phase 2 of the Oak Bluffs Terminal Reconstruction Project ($4,500,000), construction of a center dolphin between Slips 2 & 3 at the Woods Hole terminal ($400,000) and a portable generator for the vessels and terminals ($100,000).

Mr. Davis stated that the Authority had $9,625,000 available for capital projects with current commitments for $13,474,000, and that estimated fund transfers in 2008 included the proceeds from the issuance of bond anticipation notes, which should then leave around $800,000 remaining for contingencies and/or future projects. Mr. Davis also noted that management had developed a five-year Capital Improvement Plan for 2009 through 2013, including estimates for anticipated projects, the projected sources of funds, and the remaining available bond authorization, with no prediction as to the possibility of receiving additional federal or state funding.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to adopt the Authority's 2008 Capital Budget and to authorize the Treasurer/Comptroller to transfer $5,000,000 from the Authority's Bond Redemption Account of its Sinking Fund to the Authority's Replacement Fund in order to fund those projects, both as proposed by management in Staff Summary #A-490, dated December 13, 2007.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**90 %**	**0 %**

Treasurer's Report:

Mr. Davis reported that there were decreases in passenger and truck traffic for the month of November 2007 over the same month in 2006, but that the number of passengers on the high-speed ferry between Hyannis and Nantucket had increased by 44.8%, and that automobile traffic had increased by 1.8%. Mr. Davis also reported that the Authority's net operating loss for the month of November 2007 was expected to be around $1,570,000, or $245,000 lower than what had been budgeted for the month. While revenues for the month were slightly lower than budget projections, Mr. Davis noted that operating expenses were down by an even larger amount.

Mr. Ranney asked that management make certain that the bathrooms on the *Eagle* will be redone when the vessel undergoes its mid-life refurbishment, as he continues to receive complaints about their condition. Mr. Lamson responded by saying that he would look into the situation to see whether their condition could be improved even before that project is undertaken.

Port Council's Report:

Mr. Huss reported that, at their meeting earlier in the month, the Port Council had discussed at some length the request from New England Fast Ferry of Massachusetts, LLC to reduce its level of service between New Bedford and Martha's Vineyard during the off-season, and had also discussed the proposed 2008 Capital Budget. In addition, Mr. Huss noted that neither he nor Tisbury Port Council member Thomas Pachico had received much feedback about the Authority's new policy regarding its use of the lift decks on the *Island Home*, and that he therefore assumed that the public was relatively satisfied with the new policy. However, Mr. Huss stated that the Port Council had asked management to look into updating the Authority's telephone message and website when boats are cancelled.

Mr. Huss further reported that the Port Council had discussed the action taken by the Members at their November 20, 2007 regarding the Authority's transportation policy for current and former Members and Port Council members, and that all of the Port Council members felt strongly that the policy for former Members and Finance Advisory Board members should be the same as the policy for former Port Council members. As a result, Mr. Huss said, the Port Council had voted unanimously to recommend that the Members change the policy so that the travel privileges for Members and Finance Advisory Board members similarly cease at the end of their service.

Finally, Mr. Huss reported that the Port Council had voted to re-elect all of the individuals who had served as its officers in 2007 to the same positions for 2008. Accordingly, Mr. Huss noted that he would continue to be Chairman of the Port Council through 2008, that Falmouth Port Council member S. Eric Asendorf would continue to be its Vice Chairman, and that Nantucket Port Council member would continue to be its Secretary.

2008 Meeting Schedule:

Mr. Lamson reported that he had sent a memorandum to the Members, dated December 3, 2007, setting forth a proposed 2008 Authority Meeting Schedule, but that the proposed date for the January 2008 meeting should be changed from January 15, 2008 to January 8, 2008 so that all of the Members could attend. Mr. Lamson further stated that, at that meeting, management would be presenting the Members with a proposed revised operating budget for their consideration.

Mr. Oliveira closed the meeting by thanking the other Members for the privilege of serving as the Authority's Chairman this past year, and he observed that the Authority's numerous recent accomplishments – including the two new vessels, the free wi-fi service at the terminals and on the vessels, and the Authority's new merchandising and advertising policies – demonstrated how the Members were listening and being responsive to the Authority's ratepayers. In response, Mr. Ranney thanked Mr. Oliveira not only for his exemplary leadership over the past twelve months, but also for the friendship and respect that Mr. Oliveira had built during this time between the City of New Bedford and the island of Nantucket.

At 10:30 a.m., Mr. Oliveira entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, contract negotiations with nonunion personnel, and the deployment of security personnel and devices.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
TOTAL	90 %	0 %

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary