MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

January 8, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 8th day of January, 2008, 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 H. Flint Ranney of Nantucket; Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth. David J. Oliveira of New Bedford was not present.

Port Council Chairman Robert V. Huss of Oak Bluffs 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 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.

Mr. Ranney began the meeting by encouraging everyone at the Authority to celebrate their successes and also to publicly correct whatever mistakes they may make as quickly as possible. Mr. Ranney stated that his hopes for 2008 included having all of the Authority's boats run full and on time, developing new marketing ideas, and promoting the Authority's strengths. Mr. Ranney also stated that the Members should study how the Authority operates and how it might become more efficient. Mr. Ranney further commented that, after having attended a Passenger Vessel Association convention in 2007, he realized how good the Authority is; but he declared that the Authority should be great and that he was confident the Authority was going to go from "good" to "great" in 2008.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to approve the minutes of the Members' meeting in public session on December 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 November 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 0.4% fewer passengers (despite a 45% increase in the number of passengers carried on the *Iyanough*), 1.8% fewer automobiles and 2.1% fewer trucks during that month compared to November 2006.

Mr. Lamson also reported that the Authority's net operating loss for the month of November 2007 had been $93,000 lower than projected, mostly due to lower-than-expected operating expenses. As a result, Mr. Lamson said, the Authority's net operating income for the first eleven months of 2007 had been almost $11,260,000, approximately $4,430,000 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.

Fairhaven Bulkhead and Pier Improvements:

Mr. Walker reported that the installation of the sheet piling around the pier of the Fairhaven Vessel Maintenance Facility was now 100% complete, but that the delays attributable to the great deal of subsurface debris encountered by the contractor had resulted in the project being about thirty days behind schedule. Mr. Walker stated that the contractor was installing the tie backs (also called "deadmen") for the sheet piling and was encountering more problems with rocks (and an old foundation) that will have to be excavated. As a result, Mr. Walker said, the project may not be done until May 1, 2008, and the amount of change orders may approach $300,000. However, Mr. Walker reported that the transfer bridge foundation was in place, and that the transfer bridge itself (which has been moved from Oak Bluffs) was being sandblasted prior to its installation at the Fairhaven facility.

Mr. Walker also noted that the facility will not be operational until the dredging is completed, which cannot take place until state funds are released to open the new contained aquatic disposal (CAD) cell in New Bedford harbor. Messrs. Lamson and Walker reported that they hoped the Seaport Advisory Council will approve the appropriation of the necessary funding at their next meeting in March 2008 and promptly award a contract to design and create the CAD cell within a few months after that, which may allow the Authority to start the dredging as early as September 2008 and possibly be back at the facility later in the fall.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker reported that the Oak Bluffs terminal reconstruction project was proceeding pretty well, although it was currently about two to three weeks behind schedule due to a factory delay in the production of the large piles needed for the new head dolphins and the turning dolphin. Mr. Walker stated, however, that those piles were expected to be on site the following week, and that the contractor already has begun driving slightly smaller piles on the north side of the pier for the north lanes. Mr. Walker also reported that, although some of the wooden timbers on the pier have had to be replaced, there were no significant change orders to date.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Walker then reported that Colonna's Shipyard in Norfolk, Virginia, had finished all of the demolition, including the asbestos removal, from the *Nantucket*, and that the new pilot house had been installed. Mr. Walker also reported that the snack bar extension was about 95% pre-fabricated and would be placed onto the vessel soon. Currently, Mr. Walker said, the vessel was being dry-docked for contract work, but the Authority was going to take advantage of having the vessel out of the water to perform a hull inspection as well. Mr. Walker also reported that the vessel still may be ready for delivery by the end of March 2008, although he noted that there were already around $435,000 in change orders principally due to the need to replace more wasted steel than anticipated (which accounted for around $200,000 of the change orders) and complications encountered with the asbestos removal (which increased the cost by around $125,000).

Nantucket Terminal Vehicle Boarding
Priorities After Disruptions in Service:

Mr. Lamson then requested that the Members approve management's recommendation to change the Authority's policy regarding the order in which vehicles are generally boarded onto the Authority's vessels at the Nantucket terminal after there has been a disruption in service there. Mr. Lamson noted that the Authority's Customer Policies and Procedures Handbook provides that the first to be boarded are emergency vehicles, followed by customers who had reservations on cancelled trips who need to travel without any further delay for health or medical reasons, then followed by customers left behind due to being displaced by emergency vehicles, and then followed by customers holding reservations for the particular trip being loaded. Mr. Lamson also noted that the Customer Handbook then provides that the next vehicles to be boarded are those of customers who had reservations for cancelled trips from the previous day(s) in the order they arrive and are placed in a special standby line.

However, Mr. Lamson explained that, because there is no space available to accommodate standby vehicles at the Nantucket terminal, the Authority has long followed a different procedure there – namely, then boarding the vehicles of customers who had reservations on the earliest cancelled trip and then those who had reservations on each successive cancelled trip (and within each cancelled trip, boarding them in the order in which the customers booked their reservations on that trip). Mr. Lamson stated that the Nantucket terminal employees had asked that they be allowed to continue to board customers after service disruptions in the same order as they have in the past.

Mr. Lamson also reported that, at their last meeting, the Port Council had voted to recommend that the Members approve the policy changes being proposed by management. Ultimately, the Members agreed that such changes were appropriate, observing that there simply is no space at the Nantucket terminal for any standby line, let alone a special standby line after a service disruption.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to approve the revisions to Section 4.2, entitled "Exceptions to General Boarding Priorities," of Part A of the Authority's Customer Policies and Procedures Handbook, in the form attached to Staff Summary #GM-517, dated January 2, 2008.

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 requested authorization from the Members to enter into an amendment to the Authority's license agreement with New England Fast Ferry of Massachusetts, LLC ("NEFF") that will henceforth require it to provide only two daily round trips, instead of three daily round trips, between New Bedford and Martha's Vineyard from April 15 through the commencement of its summer schedule. Mr. Lamson noted that, after the Members' prior meeting on December 18, 2007, management had noticed an apparent oversight on NEFF's part when it requested permission to reduce its off-season ferry schedule between New Bedford and Martha's Vineyard to two daily round trips on weekdays only from October 15 through April 15. However, Mr. Lamson stated that, beginning April 15 through May 20 (before the commencement of NEFF's summer schedule on May 21), it appeared that NEFF expected to continue operating only two daily round trips, albeit on a seven-day-a-week schedule instead of only weekdays, even though its license agreement requires it to operate three daily round trips during that time period. Mr. Lamson reported that neither management nor the Port Council objected to NEFF continuing to operate only two daily round trips during that relatively short spring season.

Although he stated that he supported management's recommendation, Mr. Marshall asked Mr. Lamson to continue pressing NEFF to add a stop in Woods Hole on its trips between New Bedford and Martha's Vineyard, saying that including Woods Hole as part of NEFF's service needed to be an ongoing consideration.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to authorized the General Manager to enter into an amendment to the Authority's license agreement with New England Fast Ferry of Massachusetts, LLC henceforth requiring it to provide only two daily round trips, instead of three daily round trips, between New Bedford and Martha's Vineyard from April 15 through the commencement of its summer schedule, as recommended by management in Staff Summary # GM-518, dated January 3, 2008.

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

Formal Adoption of the Authority's
Customer Policies and Procedures Handbook:

Mr. Lamson noted that, although the Authority's Customer Policies and Procedures Handbook had been publicly available for many months now, the Members had not yet formally adopted it. Therefore, he asked that they do so at that day's meeting, while acknowledging that the Handbook will be updated often from time to time in the future in response to customer needs and suggestions. Mr. Lamson also observed that the current version of the Handbook can be viewed and downloaded at www.SteamshipAuthority.com, by clicking on "FAQ" (frequently asked questions) under the "Useful Information" tab, and then clicking again where it says "Click here for entire Customer Policies and Procedures Handbook."

Mr. Ranney agreed that the Handbook should be adopted, but he asked Mr. Lamson to make certain that the Authority's employees, particularly its ticket sellers, be advised of the discounted rates available to various groups, such as school children and youth sports teams, so that they in turn can make certain that all of the Authority's customers always travel on the lowest rate that is available to them.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to adopt the October 16, 2007 version of the Authority's Customer Policies and Procedures Handbook that currently appears on the Authority's website (with the changes to Section 4.2 of Part A that were approved earlier in this same meeting), as recommended by management in Staff Summary # GM-519, dated January 3, 2008.

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

Barging of Rental Cars by R.M. Packer Co.:

In response to a question from Mr. Hanover, Mr. Lamson stated that, over the past several months, he had written to Ralph Packer of R.M. Packer Co., telling him that he either has to stop barging rental cars between Martha's Vineyard and the Massachusetts mainland or get a license from the Authority to do so. Mr. Lamson stated that he would remind Mr. Packer again of his obligation before the spring, and would also let the rental car companies know that the Authority is more than willing to work with them to get their vehicles back and forth in an efficient manner. The Members thanked Mr. Lamson for his efforts, and agreed that the Authority should not tolerate any more barging of rental cars between the mainland and the islands by Mr. Packer or any other private operator who does not have a license from the Authority to do so.

Proposed Revised 2008 Operating Budget:

Mr. Davis presented the Members with management's proposed Revised 2008 Operating Budget, and explained how it had been updated and revised from the original budget that management had proposed in October 2007. In addition, Mr. Davis noted that management's proposed 2008 Operating Budget had originally projected a net operating income of $4,077,804, and that the approved 2008 Operating Budget had projected a net operating income of only $3,098,415 after increasing the price assumption of fuel oil from $80 a barrel to $90 a barrel. By comparison, Mr. Davis observed, the proposed Revised 2008 Operating Budget projected a net operating income of $3,974,495, due principally to the following adjustments:

(a) a $974,027 increase in projected revenues due to updating the Authority's traffic statistics to those during the period from November 2006 through October 2007 (the original budget was based upon the Authority's traffic statistics during the period from September 2006 through August 2007);

(b) a $393,000 increase in projected maintenance expenses (including an additional $300,000 for generator upgrades for the *Governor*);

(c) a $75,000 decrease in projected terminal expenses and a $33,517 decrease in projected reservation bureau expenses;

(d) a $80,395 decrease in projected license fees;

(e) a $265,062 decrease in anticipated health claims;

(f) a $173,750 decrease in unemployment taxes; and

(g) a $204,500 increase in interest expense.

In response to questions from Mr. Hanover, Mr. Walker explained that the $300,000 earmarked for generator upgrades for the *Governor* included replacing the current generators, as well as their governors, with modern ones in order to make them more reliable. When Mr. Ranney then observed that the Authority's net income in 2008 was now projected to be $4,000,000 less than what it was in 2007, Mr. Hanover stated that he too had expressed concern about the situation and wondered whether the Authority's parking rates during the summer should be increased from $10 to $12 per day. But Mr. Hanover stated that he had discussed this issue with Mr. Lamson and had agreed that, at least at this point, there was no need for any additional rate increases.

Although Mr. Marshall observed that the Authority's summer parking rates continued to be a bargain, he agreed that there were undoubtedly good reasons for not increasing them at this time. However, Mr. Marshall noted that the Members could revisit the subject of potential additional rate increases in May or June if they appeared necessary.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to adopt the Authority's 2008 Revised Operating Budget, as proposed by management in Staff Summary #A-491, dated January 3, 2008.

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

Transportation Agreement with
Martha's Vineyard Regional High School District:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to authorize the General Manager to execute a new transportation agreement with the Martha's Vineyard Regional High School District for school-related approved transportation, for a fixed price of $55,000 for the period from July 1, 2008 through June 30, 2009, as recommended by management in Staff Summary #A-492, dated January 3, 2008.

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

Resolution Authorizing the Sale of
$8,000,000 of Bond Anticipation Notes:

Mr. Davis then requested the Members to adopt management's proposed Note Resolution authorizing him as Treasurer to issue and sell on a competitive or a negotiated basis up to $8,000,000 of Bond Anticipation Notes. Mr. Davis stated that the proceeds from the Notes, together with funds from other sources, will be used for the refurbishment of the *Nantucket* (estimated to cost more than $7,500,000) and to pay for Phase 1 of the Oak Bluffs Reconstruction Project (estimated to cost more than $6,660,000).

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to adopt management's proposed Note Resolution, in the form attached to Staff Summary #A-493, dated January 3, 2008, authorizing the Treasurer to issue and sell on a competitive or a negotiated basis from time to time, but not later than July 1, 2008, at a price not less than par and accrued interest, on behalf of the Authority up to $8,000,000 of Bond Anticipation Notes.

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 a complete estimate of activity for the month of December 2007, it was reasonable to expect that the Authority will finish in the black for the 2007 calendar year. In this regard, Mr. Davis noted that the Authority's net income for the first eleven months of 2007 had been $11,200,000 and that the Authority's operating budget had projected a net loss for the month of December 2007 of only $2,800,000.

Mr. Davis reported that the Authority had sold 2,794 ticket books for the *Iyanough* during 2007, representing a 181% increase from the 994 high-speed ticket books that had been sold the previous year. However, Mr. Ranney noted that the Authority's ticket sellers were not promoting the ticket books as much as they could, and he asked Mr. Lamson whether more could be done to encourage the ticket sellers' salesmanship of the books.

Port Council's Report:

Mr. Huss reported that, at their meeting earlier in the month, the Port Council had discussed a variety of subjects, including management's proposed 2008 revised operating budget and the boarding of vehicles at the Nantucket terminal after the disruption of service, and had voted to recommend that the Members approve the changes being proposed by management. Mr. Huss further reported that the Port Council had asked management to review the "blue line" on reservation-only days for the Martha's Vineyard route to see whether any improvements could be made to its operation, and to better advertise the Authority's prices and policies, especially on the Nantucket route.

Mr. Jones also reported that the Port Council had asked management to see whether the warranties on the *Flying Cloud's* engines could be extended until such time as the vessel is sold.

Old Business:

Mr. Ranney asked Mr. Lamson if he could let him know how many excursion/parking packages the Authority sold for the Nantucket route during the months of September 2007 through January 2008.

New Business:

Mr. Marshall stated that he had the opportunity to review the marketing plan prepared by Ms. McHugh, and suggested that it be placed on the agenda for the Members' next meeting.

Public Comment:

Mr. Lamson announced that the Authority would be replacing one of the generators that are still under warranty on the *Island Home* within the next week or so, and that management expected to be able to do so without any loss of service.

At 10:30 a.m., 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. 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

MARC N. HANOVER, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

March 18, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 18th day of March, 2008, beginning at 9:30 a.m., in Rooms 104 and 105 of the Marine Biological Laboratory's Candle House, located on Water Street in Woods Hole, Massachusetts. Four Members were present: Chairman H. Flint Ranney of Nantucket; Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; and David J. Oliveira of New Bedford. Robert S. Marshall of Falmouth was not present.

Port Council Vice Chairman S. Eric Asendorf of Falmouth and Port Council members Philip H. Chase, Jr. of New Bedford, Robert R. Jones of Barnstable and Frank J. Rezendes of Fairhaven 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; Facilities Engineer William Cloutier; Director of Security Lawrence S. Ferreira; 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.

Mr. Ranney began the meeting by welcoming Fairhaven's new representtative on the Authority's Port Council, Frank J. Rezendes, and he then wished Mr. Rezendes a long and healthy tenure.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on January 8, 2008.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for January 2008, 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 1.2% more passengers, 0.9% fewer automobiles and 0.8% fewer trucks during that month compared to January 2007.

Mr. Lamson also reported that the Authority's net operating loss for the month of January 2008 had been $337,000 lower than projected, mostly due to lower-than-expected operating expenses. However, Mr. Lamson said, the variance was almost all the result of timing differences, and the additional expenses that were budgeted for January will still be incurred over the course of the next several months.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Walker gave a presentation showing many of the improvements that were made to the *Nantucket* during the course of its mid-life refurbishment: extension of the food concession area; a new pilot house; weather-tight passenger stairways; all new windows; removal of lead paint; replacement of wasted steel; asbestos removal; new vents; insulation of the mezzanine; relocation of freight deck stanchions; new boilers; and a new electrical switchboard. Mr. Walker also reported that the vessel should be leaving the shipyard on April 1, 2008, and that it will replace the *Eagle* on the Nantucket route on April 21, 2008. However, Mr. Walker also reported that the Authority had incurred almost $1,000,000 worth of change orders in the course of this project, around $800,000 more than what had been budgeted, and that they were due principally to the need to replace more wasted steel than anticipated and complications with the asbestos and lead paint removal.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker reported that the Oak Bluffs Terminal Reconstruction Project was proceeding pretty well, although it was taking longer to complete than originally called for in the contract. Currently, Mr. Walker said, all of the work was scheduled to be finished by May 10, 2008, although that date was still dependent upon the weather. Mr. Walker also reported that, at the moment, the foundations for the transfer bridge were half done, the piles for the new lanes on the north side of the slip had been driven, and the piles for the lanes on the south side of the slip would be driven that week. Mr. Walker further reported that change orders from the contractor to date had amounted to less than $50,000.

Nantucket Terminal Dolphin and Bulkhead Repairs:

Mr. Walker then gave an update on the dolphin replacement work at the Nantucket Terminal, where a sinkhole had appeared during the course of pile driving activities for the new south head dolphin at the north slip. Mr. Walker reported that the repairs to the terminal were expected to be completed by March 14, 2008 at a cost of around $600,000, and that there was an additional $575,000 worth of change orders with respect to the dolphin work itself, due primarily to the need to drive the piles forty feet deeper than anticipated. Finally, Mr. Walker reported that the entire work was then scheduled to be completed by April 14, 2008.

Fairhaven Bulkhead and Pier Improvements:

Mr. Walker reported that the pier work at the Authority's Fairhaven Vessel Maintenance Facility should be completed by May 1, 2008, although he noted that the facility will not be operational until the dredging is completed. In this regard, Mr. Walker stated that the Seaport Advisory Council was scheduled to meet on April 1, 2008 and would hopefully authorize the release of funds for the new contained aquatic disposal (CAD) cell in New Bedford harbor at that time. If so, Mr. Walker said, dredging would then hopefully commence in mid-August and the facility may be operational by mid-September. Meanwhile, Mr. Walker reported that the Authority had incurred around $575,000 worth of change orders due to the great deal of subsurface debris that the contractor had encountered during the project work and the need to purchase gravel to backfill the south side of the pier.

Request from Hyannis Harbor Tours, Inc.
for Amendments to Its License Agreement:

Mr. Lamson then advised the Members that the Authority had received a request from Hyannis Harbor Tours, Inc. ("Hy-Line) for four changes to its current license agreement with the Authority, and that management was recommending approval of three of those requests, as follows:

(a) to eliminate Hy-Line's high-speed ferry service between Hyannis and Oak Bluffs (which Hy-Line has been providing with the *Lady Martha*) during the months of April and November. As a result, Hy-Line would only be operating high-speed ferry service between those ports only from May through October of each year.

(b) to eliminate Hy-Line's "traditional" service over Daffodil Weekend between Hyannis and Nantucket. As a result, Hy-Line would no longer operate the *Great Point* or the *Brant Point* between those ports over Daffodil Weekend, although it would continue to provide its regularly scheduled service with its high-speed ferry, the *Grey Lady*.

(c) to increase the licensed capacity of Hy-Line's high-speed ferry, the *Grey Lady*, from 200 to 300 passengers for all of its trips between Hyannis and Nantucket from the Friday before Memorial Day through September. The *Grey Lady* is already licensed to carry 300 passengers on four of its twelve daily trips between those ports during that time period, and was licensed to carry only 200 passengers on its eight other daily trips. As a result, the *Grey Lady's* licensed capacity on all of its trips would be the same as its passenger capacity set forth in its certificate of inspection issued by the United States Coast Guard, namely, 300 passengers on a year-round basis.

However, Mr. Lamson stated that management was also recommending that the Members defer consideration of Hy-Line's fourth requested change to its license agreement, namely, that the Authority no longer include any passengers that Hy-Line carries during the winter season (when the Authority is not providing service with the *Iyanough*) in the number of passengers on which its license fee is calculated for the Nantucket route. Mr. Lamson noted that, because of the manner in which Hy-Line's license fee is calculated, if the Authority were to grant Hy-Line's license request, its license fee for 2008 would drop by around $226,000, from $514,708 to $289,043 (assuming that Hy-Line carries the same number of passengers in 2008 as it did in 2007).

Finally, Mr. Lamson reported that, at their meeting earlier in the month, the Port Council had recommended that the Members approve management's recommendation to allow Hy-Line's first three requests, and that the Members postpone consideration of Hy-Line's fourth request until it can be determined what impact the granting of Hy-Line's other three requests will have on its financial situation.

After Mr. Lamson finished, Mr. Hanover reported that Oak Bluffs Port Council member Robert V. Huss had discussed Hy-Line's request to eliminate high-speed ferry service between Oak Bluffs and Hyannis during the months of April and November with the Oak Bluffs Selectmen, and that the Selectmen had stated that they had no problem with the Authority granting that request.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to authorize the General Manager to execute an amendment to the Authority's license agreement with Hyannis Harbor Tours, Inc. ("Hy-Line") incorporating the first three changes requested by Hy-Line, as described in Staff Summary #L-367, dated March 12, 2008, but to defer consideration of Hy-Line's fourth request for a reduction in the amount of its license fees.

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

Policy Regarding the Safeguarding of Personal Information:

Mr. Lamson then reported that management was recommending that the Members adopt a formal written Policy Regarding the Safeguarding of Personal Information, in the form attached to Staff Summary #GM-521, dated March 10, 2008. Mr. Lamson stated that the purposes of the policy were to ensure the security and confidentiality of personal information pertaining to the Authority's customers and employees, to protect against anticipated threats to the security or integrity of such information, and to protect against unauthorized access or use of such information. Mr. Lamson also reported that, at their meeting earlier that month, the Port Council had voted to recommend that the Members adopt such a policy in the form proposed by management.

In response to several questions from the Members, Ms. Claffey stated that the Authority was in compliance with all applicable security standards, that it was doing all that it could to protect its customers' data, and that it was monitored on a monthly basis by independent firms. However, Ms. Claffey suggested that, if the Members wished to discuss this subject in more detail, it would be more appropriate to have such a discussion in executive session.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to adopt management's proposed Policy Regarding the Safeguarding of Personal Information, in the form attached to Staff Summary # GM-521, dated March 10, 2008.

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

Discounted Passenger Fares for Individuals with Disabilities:

Mr. Lamson then requested that the Members approve management's recommendation to change the Authority's Customer Policies and Procedures Handbook in order to provide discounted rates for individuals with disabilities, provided that the individuals apply for and receive a "Steamship Authority Transportation Access Pass" which would then be presented by the individuals with appropriate identification. As a result, Mr. Lamson said, this discount would no longer be limited to year-round island residents, but would be available to anyone who has a permanent physical disability that substantially limits one or more of the individual's major life activities affecting the individual's mobility or coordination, or who suffers from a serious, long-term mental illness, or who is a current recipient of services through the Massachusetts Department of Mental Health or the Massachusetts Department of Mental Retardation, or who is a veteran with a disability rating of 70% or greater.

Mr. Lamson further reported that, at their meeting earlier that month, the Port Council had voted to recommend that the Members approve this new discounted rate for individuals with disabilities as proposed by management.

IT WAS VOTED -- upon Mr. Oliveira's motion, seconded by Mr. Hanover -- to adopt the changes in the Authority's Customer Policies and Procedures Handbook as set forth in the attachment to Staff Summary # L-368, dated March 12, 2008, to provide discounted rates for individuals with disabilities, provided that the individuals apply for and receive a "Steamship Authority Transportation Access Pass" which would then be presented by the individuals with appropriate identification.

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

Wait List Changes for Commercial Vehicles Over 20 Feet in Length:

Mr. Lamson then requested that the Members approve management's recommendation to change the Authority's Customer Policies and Procedures Handbook to allow commercial vehicles that are more than 20 feet in length to remain on the "wait list" list for reservations until 12:00 noon on the day prior to their scheduled departure (instead of until 48 hours prior to their scheduled departure), so that it is coordinated with the 24-hour deadline prior to departure that commercial vehicles have to cancel their reservations. However, Mr. Lamson said, commercial customers who want to remain on the "wait list" for this additional time would be required to submit a written request and provide the Authority with a current email address that the Authority will use to notify them of any change in their reservations due to their "wait list" requests.

Mr. Lamson further stated that, at their meeting earlier that month, the Port Council had voted to recommend that the Members approve this change in policy as proposed by management and that, if approved, the change could be implemented by the commencement of the 2008 Summer Schedule.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Oliveira -- to adopt the changes in the Authority's Customer Policies and Procedures Handbook as set forth in the attachment to Staff Summary # L-369, dated March 12, 2008, to allow commercial vehicles that are more than 20 feet in length to remain on the "wait list" for reservations until 12:00 noon the day prior to their scheduled departure (instead of until 48 hours prior to their scheduled departure) provided that they submit a written request that the Authority keep them on the "wait list" until that time and they provide the Authority with a current email address to be used by the Authority to notify them of any change in their reservations due to their "wait list" requests.

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

Tisbury Park and Ride Lot Agreement:

Mr. Lamson then requested that the Members approve the renewal of the Authority's agreement with the Town of Tisbury and the Martha's Vineyard Regional Transit Authority to provide shuttle bus service for the Tisbury Park and Ride parking lot. Mr. Lamson stated that management had no objection to the Town's request to change the previous agreement so that the Town will be able to charge not only for the parking of commercial trucks over twenty feet in length that stay in the lot overnight, but also for the parking of commercial vehicles under twenty feet in length that stay in the lot overnight when another commercial vehicle owned by the same entity also stays in the lot overnight that same night without charge.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Oliveira -- to authorize the General Manager to execute a new one-year agreement with the Town of Tisbury and the Martha's Vineyard Regional Transit Authority pertaining to the operation of the Tisbury Park and Ride Lot, in the form attached to Staff Summary #GM-520, dated March 7, 2008.

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

New Bedford Harbor Development Commission
Agreement for New Bedford's Whale's Tooth Parking Lot:

Mr. Lamson then asked for authorization to execute a formal waiver of the Authority's right under its amended agreement with the New Bedford Harbor Development Commission to receive any share of the net operating revenue derived from the operation of the first 650 parking spaces in the Whale's Tooth Parking Lot, as well as the operation of all parking spaces at the New Bedford State Pier, which are available for use by patrons of ferry service between New Bedford and Martha's Vineyard, effective retroactively to July 1, 2007 and continuing only for as long as the Authority is not providing any ferry service from New Bedford itself. Mr. Lamson stated that management believed the Authority should provide this waiver in recognition of the Commission's substantial continuing obligations to support the ferry service, and noted that the Commission would be able to use those monies (which amounted to $33,000 the previous fiscal year) for such necessary items as the procurement of new buses. Mr. Lamson also reported that, at their meeting earlier that month, the Port Council had voted to recommend that the Members approve management's request.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Hanover -- to authorize the General Manager to execute a formal waiver of the Authority's right under its amended agreement with the New Bedford Harbor Development Commission to receive any share of the net operating revenue derived from the operation of the first 650 parking spaces in the Whale's Tooth Parking Lot, as well as the operation of all parking spaces at the New Bedford State Pier, which are available for use by patrons of ferry service between New Bedford and Martha's Vineyard, effective retroactively to July 1, 2007 and continuing only for as long as the Authority is not providing any ferry service from New Bedford itself, as recommended by management in Staff Summary #L-370, dated March 12, 2008.

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

Resolution Authorizing the Sale of
$8,000,000 of Bond Anticipation Notes:

Mr. Davis then reported on the results of the sale of $5,000,000 in Bond Anticipation Notes that occurred on January 23, 2008, advising the Members that the Authority had received four bids for the notes, and that the sale was awarded to Commerce Capital Markets, the firm that submitted the bid with the lowest net interest cost of 2.13%. Mr. Davis noted that the proceeds of the notes, along with other funds, will be used for the *Nantucket* mid-life refurbishment project and Phase 1 of the Oak Bluffs terminal reconstruction project.

Treasurer's Report:

Mr. Davis then reported that, although the Authority's outside auditors were still reviewing the Authority's activity for 2007, it appeared that the Authority's net operating income for 2007 would be around $7,100,000, which was about $3,100,000 higher than what had been projected in the Authority's 2007 operating budget. Mr. Davis noted that last year's operating revenues were $6,600,000 higher than in 2006, and operating expenses were $5,500,000 higher than in 2006 (even though the Authority's maintenance expenses were $950,000 lower last year than in 2006).

Mr. Davis further reported that the Authority's cost of fuel alone had increased by $1,400,000 during 2007, and that currently the Authority was paying $3.66 per gallon for fuel, which represented a $0.44 per gallon increase since the beginning of March 2008 and a $0.60 increase from the Authority's budget projection. The Members expressed their concern over this increase in the price of fuel, and noted that if fuel prices remained where they were the Authority's surplus for 2008 would be cut in half. In response, Messrs. Davis and Lamson stated that management was keeping an eye on the situation and would provide the Members with an update of their projections at the next Authority meeting.

Oak Bluffs Terminal Reconstruction Project:

Mr. Lamson requested that the Members approve $460,000 for additional engineering services for the Oak Bluffs Terminal Reconstruction Project. Out of that amount, Mr. Lamson said, around $169,000 was attributable to extra work that the Maguire Group Inc. had to perform during the construction of Phase 1 of the project due to, among other things, a longer design phase test pile program than anticipated, re-design of certain aspects of the construction work at the contractor's request, and unforeseen conditions such as encountering greater deterioration of the pier's deck than expected. In this regard, Mr. Lamson stated that, after Phase 1 is completed, management will determine whether there is any basis for recovering any of that amount from the contractor. Mr. Lamson also noted that the remaining $291,000 of the amount was attributable to additional engineering and design work for the construction documents, bid phase services and construction management of Phase 2 of the project as a result of the Authority's need to divide the project into separate construction phases.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to authorize the General Manager to accept the two fee proposals from Maguire Group Inc. for additional services in connection with the Oak Bluffs Terminal Reconstruction Project, for an amount not to exceed $460,000, as recommended by management in Staff Summary #E 2008-2, dated March 12, 2008.

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

Port Council's Report:

Mr. Asendorf noted that the Port Council, at their meeting earlier in the month, had voted to recommend that the Members approve all of the items that they had considered that day, and he thanked the Members for accepting all of the Port Council's recommendations. Mr. Lamson also reported that, in response to a suggestion that had been made by Mr. Jones at the January 8, 2008 Authority meeting, Mr. Walker had been able to negotiate a two-year (or 6,000-hour, whichever occurs first) extension for the warranty on the *Flying Cloud's* engines at a cost of $20,000.

Old Business:

In response to a question from Mr. Ranney, Mr. Lamson stated that management had not been able to find a company that is willing to work with the Authority in issuing a "Steamship Authority" affinity credit card because the Authority will not agree to provide any company with a list of its customers. As a result, Mr. Lamson said, most of management's efforts had been directed towards marketing Authority gift cards. Mr. Asendorf also suggested that, due to the dollar's current low exchange rate, the Authority should attempt to target Canadians and Europeans with its marketing campaign.

At 10:52 a.m., 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. Oliveira -- 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. Oliveira	10 %	
TOTAL	90 %	0 %

A TRUE RECORD

MARC N. HANOVER, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

April 15, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 15th day of April, 2008, 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 H. Flint Ranney of Nantucket; Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; Robert S. Marshall of Falmouth; and David J. Oliveira of New Bedford.

Port Council Chairman Robert V. Huss of Oak Bluffs and Port Council members Philip H. Chase, Jr. of New Bedford and Frank J. Rezendes of Fairhaven 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 Security Lawrence S. Ferreira; and General Counsel Steven M. Sayers.

Arthur E. Flathers:

Mr. Ranney began the meeting by asking for a moment of silence in memory of Martha's Vineyard resident Arthur Flathers, who had passed away the previous Thursday. Mr. Ranney recounted how Mr. Flathers had been a long-time friend of the Authority and how he had been responsible for many suggestions over the years that had improved the Authority's policies and operations.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Oliveira -- to approve the minutes of the Members' meeting in public session on March 18, 2008.

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

Mr. Marshall abstained from voting on the minutes of the March 18, 2008 meeting.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for February 2008, 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 8.4% more passengers, 6.8% more automobiles and 6.2% more trucks during that month compared to February 2007, although he noted that those increases were partly attributable to the fact that there was one more day in February this year than there had been the prior year.

Mr. Lamson also reported that the Authority's net operating loss for the month of February 2008 had been $193,000 higher than projected, mostly due to higher-than-expected operating expenses, including maintenance expenses for the Authority's vessels and terminals, medical claims paid through the Authority's self-funded medical plan, training and legal expenses. As a result, Mr. Lamson said, the Authority's year-to-date loss through February 2008 was a little more than $5,500,000, around $144,000 lower than what had been projected. However, Mr. Lamson observed that fuel prices were now at historic levels and there was no indication that they were going to decrease any time soon.

Fairhaven Bulkhead and Pier Improvements:

Mr. Walker gave a presentation on all of the improvements that have been made to the Authority's Fairhaven Vessel Maintenance Facility since the Authority purchased it several years ago. In this regard, Mr. Walker stated that the current work to improve the pier (including driving sheet piles around its entire perimeter, backfilling it, and installing fenders, utilities and a transfer bridge) would be finished by the beginning of June. Mr. Walker also reported that the Seaport Advisory Council had approved $5,500,000 of funding to complete the dredging of the next CAD cell in New Bedford harbor. Mr. Walker noted that, if work progresses as scheduled with respect to that CAD cell, the Authority should be able to start its own dredging project around the pier by mid-August and possibly be finished by the end of September. Once that dredging is completed, Mr. Walker said, the Authority will be able to perform any maintenance it needs for all of its vessels at this facility. Mr. Walker then expressed his thanks to Lieutenant Governor Tim Murray, New Bedford Mayor Scott Lang and New Bedford Harbor Development Commission Executive Director Kristin Decas for their support throughout this entire process.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker reported that Phase 1 of the project was currently scheduled to be completed by May 10, 2008, although it could continue through May 15, 2008. Mr. Walker also reported that the concrete for both of the head dolphins had been poured, and that the second pour for the turning dolphins was scheduled for late that week or early the following week. Mr. Walker noted that the fenders for the dolphins were expected to arrive by May 2, a few days earlier than what had been scheduled, so they should be installed well before the terminal opens for the summer.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Walker reported that the *Nantucket* was currently in Fall River, where the Authority was finishing up the project with some minor repairs and maintenance items. Mr. Walker recounted how the vessel's entire interior had been gutted and replaced with new bulkheads and seating (resulting in around 100 more interior seats than there were before). Mr. Walker also reported that the snack bar area had been expanded 18 feet forward, and that a completely new pilot house had been installed. In addition, Mr. Walker said, a new slide evacuation system had been installed, as well as new passenger loading doors that are 84 inches wide (so passengers can board and disembark two at a time). Mr. Walker noted that the *Nantucket* was scheduled to begin service on the Hyannis-Nantucket route on April 21 when it will replace the *Eagle* for the remainder of the Spring Schedule.

Nantucket Terminal Dolphin and Bulkhead Repairs:

Mr. Walker then provided an update on the dolphin replacement work at the Nantucket Terminal, where a sinkhole had appeared during the course of pile driving activities for the new south dolphin at the north slip. Mr. Walker reported that the north side of the bulkhead had been repaired sufficiently to allow the *Eagle* to dock in the north slip on a regular basis so that the *Iyanough* (which started its 2008 service that day) can use the south slip. Although this repair work will continue for the next few weeks, Mr. Walker assured the Members that it should all be completed by the beginning of May.

Request from Cape & Island Transport, Inc.
for an Amendment to Its License Agreement:

Mr. Lamson then advised the Members that the Authority had received a request from Cape & Island Transport, Inc., doing business as Falmouth-Edgartown Ferry, for certain changes to the summer sailing schedule of its ferry, the *Pied Piper*. Mr. Lamson stated that, if the changes were approved, the number of the *Pied Piper's* trips between Falmouth Inner Harbor and Edgartown would be reduced from 36 per week to 29 per week during the time period from June 20 through September 1 (with five daily round trips only on Fridays, and four daily round trips the other days of the week); and that the *Pied Piper* would continue to provide service only during weekends from May 23 through June 15 (with three daily trips on Fridays, Saturdays and Sundays) and from September 5 through October 13 (but with two daily trips on Fridays, Saturdays and Sundays). Mr. Lamson noted that management had advertised the request in local newspapers, and had not received any comments from the public. Mr. Lamson also stated that the Port Council had voted to recommend that the Members approve the request and that management agreed with that recommendation.

In response to a question from Mr. Marshall, Robert Ament, the attorney for Cape & Island Transport, Inc., acknowledged that his client had also asked the Authority's permission to add a trip back into its schedule in case of emergency situations, such as bad weather. However, Mr. Ament stated that such permission would be sought on a case-by-case basis, and he agreed that each request for an extra trip would need to be approved by the Authority's General Manager. Mr. Hanover then noted that he had discussed this request with the Edgartown Selectmen, who had informed him that they remained pleased with the service and understood the need for a reduction in the *Pied Piper's* schedule.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Hanover -- to authorize the General Manager to execute an amendment to the Authority's license agreement with Cape & Island Transport, Inc., doing business as Falmouth-Edgartown Ferry, making certain changes to the sailing schedule of its ferry, the *Pied Piper*, as described in Staff Summary #L-371, dated April 8, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Oliveira	10 %	
TOTAL	100 %	0 %

Vineyard Haven Bus Stand Agreement:

Mr. Lamson then requested authorization from the Members to enter into a contract with Island Transport, Inc. that will allow it to stage one of its tour buses at the Vineyard Haven terminal this summer (through October 31, 2008). In return, Mr. Lamson said, the Authority would receive a fee of $5,000 plus a 20% commission on all of the tour bus tickets it sells at the Vineyard Haven, Oak Bluffs and Woods Hole terminals (as well as at the automated kiosks at the Palmer Avenue parking lot). Mr. Lamson also noted that the Authority had issued an invitation for bids for the use of its two tour bus stands at the Vineyard Haven terminal, that Island Transport, Inc. had been the only tour bus operator who responded to the invitation, and that the bid submitted by Island Transport, Inc. had been nonresponsive to the invitation because, among other things, it had only offered to pay $2,500 for each tour bus stand.

After Mr. Hanover expressed his support for the agreement, Mr. Ranney asked management to consider designating a place for a tour bus stand at the Authority's Nantucket terminal when it is reconfigured so that the Authority can then enter into a similar agreement with a tour bus operator on Nantucket for use of that stand.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to authorize the General Manager to execute an agreement with Island Transport, Inc. for the use of one tour bus stand at the Authority's Vineyard Haven terminal, in the form attached to Staff Summary #TPF-2008-2, dated April 10, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

Supplemental 2008 Rate Adjustments:

Mr. Davis reported on how the increased cost of fuel for the Authority's vessels was affecting the Authority's net income this year. Mr. Davis noted that, in 2004, the Authority's average cost of vessel fuel was $1.315 per gallon, and its fuel expense was $3,878,000 (representing 6.2% of its total operating expenses); and that, by 2007 the average cost had risen to $2.238 per gallon, and the Authority's fuel expense had risen to $6,648,000 (representing 9.1% of its total operating expenses). Mr. Davis also recounted how, for 2008, the Authority had budgeted an average cost of $3.139 per gallon, and estimated that its fuel expense would be $9,442,000 (representing 12.3% of its total budgeted operating expenses).

Unfortunately, Mr. Davis reported, things had only gotten worse since the 2008 operating budget was approved late last year. Mr. Davis noted that, on March 13, 2008, the Authority was paying $3.67 per gallon for vessel fuel, and predictions the prior week (based upon the trading of crude oil futures on the New York Mercantile Exchange at $103 to $110 per barrel) were that the price of vessel fuel for the remainder of the year will remain at all-time highs. Mr. Davis further reported that, this morning, the price of oil had risen to yet another historic high of more than $114 per barrel. As a result, Mr. Davis said, there is little question that the Authority's fuel expense will continue to greatly exceed budget estimates. Indeed, Mr. Davis recounted how the prior week management had estimated that, if the price of oil were to remain at $110 a barrel for the rest of the year (which even now appears unlikely), the Authority would incur an additional fuel expense of around $1,500,000 (of which $600,000 would be incurred on the Martha's Vineyard route, and $900,000 would be incurred on the Nantucket route).

Mr. Davis also noted that the situation would be even worse except for the fuel conservation measures now being taken by the Authority's Captains on a consistent basis to ensure that its vessels don't arrive earlier at their ports of destination than their scheduled times. In this regard, Mr. Hanover thanked all of the Authority's Captains for slowing down the vessels and saving the Authority as much money as possible by using less fuel.

The Members then expressed their concern that the fare adjustments being recommended by management as a result of the unprecedented increase in fuel prices may not be enough to ensure that the Authority's revenues are sufficient to cover the cost of the Authority's service. Mr. O'Brien noted that experts were predicting that oil would reach $130 a barrel by August 2008, although he cautioned that he had no idea whether such predictions were accurate.

The Members also discussed at length whether the Authority, instead of implementing fare increases, should impose larger fuel surcharges that could generate more revenues in a short period of time and be more easily eliminated in the event fuel prices were to decline. But all of the Members acknowledged that it did not look likely that fuel prices were going to come down any time soon. In addition, Mr. Lamson noted that the additional cost of reprinting and distributing brochures with revised fares would be around $15,000 to $20,000.

The Members also asked Mr. Walker whether additional measures could be taken to decrease the Authority's fuel usage, such as operating vessels with less fuel in their fuel tanks and fueling them more often. However, Mr. Walker informed the Members that, except for the high-speed passenger ferry, the amount of weight carried by the Authority's vessels does not greatly affect their fuel usage, and he would not recommend increasing the chances of a spill by fueling the vessels more often. Further, with respect to the Authority's high-speed passenger ferry, Mr. Walker stated that management already had determined that it should not be operating with full fuel tanks during that time of year because it was only providing four trips per day.

Mr. Lamson then advised the Members that, if no fare adjustments were made and fuel prices remained at $100 per barrel, the Authority's net income for 2008 would drop to around $1,600,000, and that management's proposed fare adjustments were designed to raise additional revenue of $1,500,000 to bring the Authority's net income to around $3,100,000. But Mr. Marshall expressed his concern that management's proposed increases did not appear to be aggressive enough in light of the more recent price increases of oil, and he declared that he did not want to find out in a few months that they were not enough to maintain the Authority's financial health. Mr. Marshall also noted that the adjustments being proposed by management were very modest and that they would still be modest if increased further.

However, Mr. Oliveira questioned whether it would be fair to the Authority's ratepayers to increase fares more than necessary to meet the anticipated increase in fuel costs, and he also declared that he could not see how any increase in the Authority's parking fees could be justified on the basis of increased fuel costs. In response, Mr. Marshall stated that he believed that greater fare adjustments would in fact be necessary to meet the Authority's increased fuel expenses. Mr. Davis also noted that the increased price of fuel similarly has increased the Authority's parking lot operations due to the fact that the Authority shuttles customers between the parking lots and the terminals by bus. Both Mr. Davis and Mr. Marshall further noted that the Authority's parking rates in Falmouth had not been increased since 1997 and that they will still be priced lower than the Authority's competitors after the rate increases are implemented.

After further discussion, Mr. Marshall argued that the fare increases should be designed to raise more revenue than the $1,500,000 proposed by management, and suggested that, given the unpredictable nature of the fuel price situation, the Members had no responsible choice but to raise at least an additional $2,000,000 in revenues. Ultimately, Mr. Lamson proposed that the Authority implement supplemental rate adjustments effective May 1, 2008 estimated to raise an additional $2,400,000 of revenues ($1,200,000 from each route) assuming that the Authority carries the same number of passengers and vehicles as it did in 2007. After much discussion about all of the possible alternatives, the Members agreed, with the hope and intent that no further adjustments will be necessary for the rest of the year.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Hanover -- to implement the following supplemental rate adjustments effective May 1, 2008, subject to a semi-annual review:

Martha's Vineyard Route:

Passenger Fares – **One way fares to be increased from $6.50 to $7.00, plus embarkation fee, if applicable (with corresponding increases on all discounted fares, ticket books and group fares).**

Parking Rates – **Rates for the Woods Hole and Palmer Avenue parking lots to be increased from $10.00 to $12.00 per calendar day for the period from May 15 through September 14.**

Automobile Rates – **Rates for each one-way segment of a trip by an automobile or truck under 20 feet in length to be increased by $2.50 (and round-trip excursion fares to be correspondingly increased by $5.00).**

Nantucket Route:

Passenger Fares – **One way fares on conventional vessels to be increased from $14.50 to $16.00, plus embarkation fee, if applicable (with corresponding increases on all discounted fares, ticket books and group fares).**

One way fares on the high-speed vessel (the *Iyanough*) to be increased from $30.00 to $32.00, plus embar-

kation fee if applicable (with corresponding increases on all discounted fares, ticket books and group fares).

Parking Rates – **Rates for the Lewis Bay and Yarmouth Road parking lots to be increased from $12.00 to $15.00 per calendar day for the period from May 15 through September 14 (instead of increasing them to $15.00 during that time only for parking on Fridays through Sundays).**

Automobile Rates – **Rates for each one-way segment of a trip by an automobile or truck under 20 feet in length to be increased by $5.00 (and round-trip excursion fares to be correspondingly increased by $10.00).**

Freight Rates – **Commercial vehicle rates for vehicles 20 feet in length or longer to be increased by five percent (5%).**

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

Port Council's Report:

During the preceding discussion, Mr. Huss noted that the subject of possible supplemental 2008 rate adjustments had been raised at the last Port Council meeting, but that not enough information had been available at that time for the Port Council to take any position. Nevertheless, Mr. Huss stated that he thought the Authority's customers would understand the need for such adjustments and that he did not believe they would result in a reduction of the number of customers. Mr. Huss further observed that the public would be even more upset if the adjustments were not implemented and they ended up having to pay for the additional fuel costs anyway after the Authority ended the year with a deficit.

Mr. Huss also reported that, at their last meeting, the Port Council had discussed at length Hy-Line's request for change the license fee formula as set forth in its license agreement with the Authority and that the Port Council were philosophically in favor of some adjustments. However, Mr. Huss cautioned that there were some difficulties with any proposed changes, principally with respect to how they would affect the Authority's own financial condition and whether customers on the Martha's Vineyard route would be subsidizing a reduction in Hy-Line's license fees attributable to its Nantucket service. Therefore, Mr. Huss stated that the Port Council had concluded that the issue should be looked at further and that possibly a new license fee formula could be agreed upon when the license agreement is renewed at the end of the year.

Old Business:

In response to Mr. Ranney's request at the prior meeting, Mr. Lamson reported that management had had preliminary discussions with a potential issuer of a "Steamship Authority" affinity credit card and was reviewing whether the Authority could establish a "frequent floater" or other type of program where the Authority would receive a certain percentage of the amount of customers' transactions on their cards. Mr. Lamson also reported that management was investigating how it might reduce the Authority's credit card processing costs.

Mr. Lamson announced that the date of the Authority's next meeting had been changed from May 20, 2008 to May 13, 2008, and that it would take place on Martha's Vineyard.

Mr. Hanover stated that he had received a complaint from a customer who had been charged a penalty for changing a vehicle reservation a second time on the Authority's website, and had questioned why the penalty was being charged when the change was made without any time being spent by any of the Authority's employees.

At approximately 10:52 a.m., 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. Oliveira's motion, seconded by Mr. Marshall -- 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 %	
Mr. Oliveira	10 %	
TOTAL	100 %	0 %

A TRUE RECORD

MARC N. HANOVER, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

May 13, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 13th day of May, 2008, beginning at 10:44 a.m., in the Katharine Cornell Theatre of the Tisbury Town Hall, located at 51 Spring Street, Vineyard Haven, Massachusetts. Four Members were present: Chairman H. Flint Ranney of Nantucket; Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth. David J. Oliveira of New Bedford 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; Director of Information Technologies Mary T.H. Claffey; Director of Marketing Kimberlee McHugh; Director of Terminal and Parking Operations Mark Rozum; Director of Engineering and Maintenance Carl R. Walker; Director of Security Lawrence S. Ferreira; Vineyard Haven Terminal Manager Bridget Tobin; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on April 15, 2008.

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 March 2008, 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 5.4% more passengers, 4.2% more automobiles and 1.0% fewer trucks during that month compared to March 2007. Mr. Lamson also reported that the Authority's net operating loss for the month of March 2008 had been $601,000 higher than projected, mostly due to higher-than-expected operating expenses, such as the dolphin and dock repairs at the Nantucket terminal. As a result, Mr. Lamson said, the Authority's year-to-date loss through March 2008 was around $8,200,000, around $386,000 higher than what had been projected.

Fairhaven Bulkhead and Pier Improvements:

Mr. Walker reported that utilities and lighting were in place at the Authority's Fairhaven vessel maintenance facility, and that the transfer bridge would be set in place the following week. Mr. Walker also reported that AGM Marine Contractors would then be able to leave the site in June with the entire south side of the pier completed, and that the entire north side of the pier would also be completed except the fenders, which cannot be installed until the dredging is completed. However, Mr. Walker said, AGM had agreed to return to the site to install the north side's fenders after the completion of the dredging at no additional cost. Similarly, Mr. Walker noted that the top coat of the paving cannot be completed until after that time, but that the contractor also will return to finish that work at no additional cost. In addition, Mr. Walker stated that everything appeared to be on schedule for the new CAD cell to be open in New Bedford Harbor in August 2008, and that the Authority already had issued a bid package for its own dredging, with an anticipated work start date of August 15, 2008. Mr. Walker said that all of the dredging and the remaining construction work should then be completed by October.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker reported that Phase 1 of the Oak Bluffs Terminal Reconstruction Project would be completed sufficiently for the Oak Bluffs Terminal to open as scheduled on May 21, 2008, although work on certain items would continue through the following weeks. Mr. Walker further reported that the transfer bridge had been set in place, that the dolphins had been poured and were in place with the fenders being installed, that the wooden deck was finished, that there were new aluminum gangways on the temporary platform at the end of the pier, and that the railings and electrical work were being completed. In addition, Mr. Walker said, the Authority was planning to have the 1:15 PM trip of the *Martha's Vineyard* leave Vineyard Haven the following Thursday and go to Oak Bluffs before continuing to Woods Hole in order to make certain that it fits appropriately in the new slip and that everything works correctly.

Mr. Walker also reported that the Authority had issued a bid package for the completion of Phase 2 of the project during the 2008-2009 off-season, and that the Phase 2 work included the replacement of the terminal's freestanding dolphins and the passenger platform at the end of the pier, as well as electrical work.

M/V Nantucket Mid-Life Refurbishment Project:

Mr. Walker reported that the *Nantucket* had been providing service on the Nantucket route since it replaced the *Eagle* on April 24, 2008, and that his department was addressing warranty items and final billing issues with the shipyard, as well as minor operational issues. Mr. Walker also noted that the new pilot house now has 360 degrees of visibility and that the Authority had spent around $500,000 to remove all of the vessel's asbestos. Mr. Ranney said that he already had received many compliments about the refurbished *Nantucket*, and all of the Members thanked everyone, especially Captain Ed Jackson and Port Engineer Jeff Brown, for all of their good work on this project over the past many months.

Nantucket Terminal Dolphin and Bulkhead Repairs:

Mr. Walker then provided an update on the dolphin replacement work at the Nantucket Terminal, where a sinkhole had appeared during the course of pile driving activities for the new south dolphin at the north slip. Mr. Walker reported that the two head dolphins and the #3 freestanding dolphin for the north slip all had been replaced with new fenders installed, that wooden facing had also been placed on all of the dolphins on the north slip to cover the concrete, and that the area of the bulkhead facing the north slip that failed had been secured with a permanent repair.

Guidelines Regulating Advertising on the Authority's Facilities:

Mr. Lamson then requested that the Members adopt revised Guidelines regulating advertising on the Authority's facilities for the following purposes:

(a) to expand the scope of the Guidelines to include not only the Authority's physical facilities, but its website, brochures, schedules and video informational displays as well;

(b) to provide that, in the absence of an Advertising Contractor for a particular advertising program, Kimberlee McHugh as the Authority's Director of Marketing will be responsible for fulfilling all of the duties that an Advertising Contractor would have under the Guidelines with respect to such program;

(c) to prohibit the advertisement of alcoholic beverages, in light of the regulation of the Massachusetts Alcoholic Beverages Control Commission that prohibits such advertising by owners of vessels licensed by the ABCC to sell alcoholic beverages; and

(d) to prohibit the advertisement of competitors' operations, unless the General Manager or the Members determine that the revenues derived from such advertisement reasonably can be expected to be greater than the adverse financial consequences to the Authority of the potentially resulting loss of ridership, patronage or other business to that competitor.

Mr. Lamson also advised the Members that the Port Council, at their meeting earlier that month, had voted to recommend that the Members adopt the revised Guidelines as recommended by management. Mr. Marshall agreed, recounting how he had attended the Port Council meeting and was impressed with how thoroughly they had reviewed the proposed revisions. Mr. Jones further suggested that, when the Authority issues any requests for proposals for advertising contracts, it clearly explains the Authority's policy with respect to what its considers acceptable advertising for the Authority's ridership of all ages.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to approve the revised Guidelines Regulating Advertising on the Steamship Authority's Facilities, in the form attached to Staff Summary #L-372, dated May 1, 2008.

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

Request from Cape & Island Transport, Inc.
for an Amendment to Its License Agreement:

Mr. Lamson then advised the Members that the Authority had received another request from Cape & Island Transport, Inc. ("CIT"), doing business as Falmouth-Edgartown Ferry, for certain changes to the summer sailing schedule of its ferry, the *Pied Piper*. Specifically, Mr. Lamson said, CIT was requesting permission for the *Pied Piper* to be able to carry up to 135 passengers, instead of only up to 95 passengers, only on the last two trips from Edgartown on Sundays commencing June 29, 2008 through August 31, 2008 and on Labor Day, September 1, 2008. Mr. Lamson stated that management believed the request was reasonable in light of the fact that the *Pied Piper* would be running one fewer trip per day this year than it did last year and the fact that the increase in passenger capacity would only apply to the two last trips originating from Edgartown on Sundays, when many people who will have traveled to the island over the course of the preceding Fridays and Saturdays, as well as earlier in the day on Sundays, will all want to return to the mainland.

Mr. Lamson also advised the Members that the Port Council, at their meeting earlier that month, had voted to recommend that the Members allow CIT's request as recommended by management. Mr. Lamson further noted that, on May 5, 2008, the Edgartown Selectmen similarly had approved CIT's request, and that Edgartown's Marine Advisory Committee and Harbormaster both supported the increase as well.

Mr. Marshall acknowledged that, although he was not a proponent of allowing any further diversion of the Authority's passenger traffic to its licensed carriers, this particular request clearly appeared to serve a public interest. In addition, Mr. Marshall noted, the Authority would soon have the opportunity to review CIT's license in its entirety when it comes up for renewal at the end of that year.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to authorize the General Manager to execute an amendment to the Authority's license agreement with Cape & Island Transport, Inc., doing business as Falmouth-Edgartown Ferry, increasing the licensed capacity of its ferry, the *Pied Piper*, to 135 passengers on the last two trips on Sundays from Edgartown commencing June 29, 2008 through August 31, 2008 and on Labor Day, September 1, 2008, as described in Staff Summary #GM-522, dated May 1, 2008.

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

Request from Hyannis Harbor Tours, Inc.
for an Amendment to Its License Agreement:

Mr. Lamson reported that Hyannis Harbor Tours, Inc., doing business as Hy-Line, had withdrawn its request for a change to its license agreement that would have excluded any passengers carried by Hy-Line during the winter season (when the Authority is not providing service with the *Iyanough*) from the number of passengers on which Hy-Line's license fees are calculated for the Nantucket route. Mr. Lamson further reported that Hy-Line had asked that the Authority instead revisit the issue at a later date, possibly in conjunction with the renewal of Hy-Line's license agreement next year.

Treasurer's Report:

Mr. Davis reported that there had been a 4.2% increase in passenger traffic during April 2008 compared to April 2007, even though the Authority did not begin operating the *Iyanough* until April 15th. Mr. Davis also reported that there had been a 4.0% increase in automobile traffic that month compared to April 2007, and a 7.2% increase in truck traffic. However, Mr. Davis noted that traffic levels during April 2007 had been significantly lower than prior years, and that the figures for April 2008 were more in line with April activity that the Authority historically had experienced.

Mr. Davis further reported that the Authority's net operating loss for April 2008 was expected to be around $1,600,000, approximately $400,000 higher than budgeted. Although revenues were expected to be around $200,000 higher than budget estimates, Mr. Davis said, they were more than offset by higher fuel costs (which averaged $3.672 per gallon in April) and maintenance expenses (primarily attributable to repairs to the Nantucket terminal dock and dry-dock expenses for the *Flying Cloud*).

Finally, Mr. Davis reported that, as of May 12, 2008, the Authority had sold 469 coupon books for the *Iyanough* in 2008, which represented a 47% increase from the number of *Iyanough* ticket books the Authority had sold by that same day the prior year.

Port Council's Report:

Mr. Huss reported that the Port Council, at their last meeting, had discussed most of the items that the Members had considered earlier that day. In particular, Mr. Huss said, the Port Council had discussed what guidelines there should be on the content of advertisements that are carried by the Authority, in light of the fact that the Authority's new video information system will be displaying advertising as well. In this regard, Mr. Huss noted that the Port Council had asked management similarly to make certain that the new video information system consistently promotes the sale of Authority ticket books and other discounted fares.

Recycling Program:

Mr. Lamson announced that the Authority had received a $5,000 grant from the Vineyard Conservation Society to establish a recycling program at all of the Authority's year-round terminals and on its four large passenger/vehicle ferries. Mr. Lamson stated that the grant money had been made available from the Society's Nellie Mendenhall Fund to help underwrite the cost of recycling bins. Mr. Lamson reported that the recycling bins at the Authority's terminals (which are also made of 100% recycled material) were already in place, and that recycling canisters similarly had already been placed on the *Martha's Vineyard* and the *Island Home*. Mr. Lamson noted that this program will serve as the first reminder to island residents and visitors alike that recycling is a critical aspect of preserving the islands' quality of life and the natural resources upon which everyone relies, and he declared that the Authority was grateful to the Vineyard Conservation Society for their generous support and continuing efforts to implement this important recycling program.

Evaluation of the General Manager:

Mr. Ranney noted that, in accordance with the Authority's employment agreement with Mr. Lamson, within the next few months the Members would need to evaluate his performance over the prior year and also establish his goals and objectives for the upcoming year. After discussion, the Members agreed that Messrs. O'Brien, Hanover and Huss would serve as a committee to develop and administer the evaluation process.

Public Comment:

In response to a question from *Martha's Vineyard Times* reporter Nelson Sigelman, Mr. Lamson stated that the Authority was continuing to work with Senator John Kerry's office to make certain that the Senator was aware of the impact on the Authority's operations that would result if its vessels were required to reduce their speed to ten knots whenever a right whale is spotted near the islands. Mr. Lamson noted that legislation sponsored by the Senator would require the federal government to issue final rules that might impose such speed restrictions even though there was little, if any, likelihood that any of the Authority's vessels would ever hit a whale.

Tisbury resident Lisa McShay complained about the noise generated by the number of trucks going up the hill from Five Corners after being offloaded from the *Island Home* around 6:45 every morning. Ms. McShay stated that it was not a concern during the summer when her air conditioners were on, but during the other times of year the situation had gotten worse due to the lagoon bridge construction. In response, the Members observed that there was little they could do to alleviate the problem, as the island towns (and Edgartown in particular) were adamant that they wanted delivery trucks off of their streets as early in the day as possible. Tisbury Selectman Denys Wortman agreed, but he noted that the temporary Lagoon bridge would be able to carry the weight of the trucks and therefore reduce the number of trucks going by her house.

Nantucket legislative liaison Tim Madden complimented the Members, as well as the Port Council and management, on how the Authority was dealing with its advertising issues, observing that there had been much progress since the matter had been the subject of a contentious meeting on Nantucket a few years ago. Mr. Madden also expressed Nantucket's appreciation for Vineyard resident Arthur E. Flathers, who had passed away the previous month, declaring that the Vineyard had lost a tremendous advocate and that he would be sorely missed by many.

At approximately 11:51 a.m., 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. 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

MARC N. HANOVER, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

June 6, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 6th day of June, 2008, beginning at 9:38 a.m., in the second floor conference room of the Authority's General Offices, located at the Foot of Railroad Avenue, Woods Hole, Massachusetts. Three Members were present: Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth. Chairman H. Flint Ranney of Nantucket; and David J. Oliveira of New Bedford were not present.

The following members of management were also present: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Director of Engineering and Maintenance Carl R. Walker; and General Counsel Steven M. Sayers.

Sale of the M/V Flying Cloud:

Mr. Lamson reported that he was continuing to make progress on the proposed Purchase and Sale Agreement and the Letter of Credit in connection with the sale of the *Flying Cloud*, copies of which had been provided to the Members, although all of the outstanding issues had not yet been completely addressed. However, Mr. Lamson stated that, because the deadline for the Authority's commitment to ship the vessel was that day (although he was attempting to have that deadline extended until the following Monday), he was requesting authorization from the Members to sell the *Flying Cloud* before all of the terms of the proposed transaction were finalized.

The Members then discussed a number of issues regarding the proposed transaction with Messrs. Lamson, Davis and Sayers, expressing their strongest concern over the 90-day delay in the Authority's receipt of the proceeds from the sale of the vessel under the terms of the then-current letter of credit because of the possibility that the Authority might not receive any proceeds at all after it transfers the vessel. In response, Mr. Lamson stated that TD Banknorth, a corresponding bank with Commerzbank, the institution that was issuing the letter of credit, had agreed to pay the Authority a discounted amount of the proceeds immediately upon presentation of the letter of credit.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall – that it be, and it hereby is, RESOLVED:

1. **To authorize the General Manager to execute a contract on behalf of the Steamship Authority to sell and transfer the M/V Flying Cloud (O.N. 1094428) to Gran Cacique II, C.A., a Venezuelan company with a legal address and principal place of business located at Terminal de Ferry, Galpon No. 6, Cumana 6101, Estado Sucre, Venezuela, for a total purchase price of not less than $4,300,000, which is to be paid in cash or by an irrevocable Letter of Credit, in such form and substance as is acceptable to the General Manager. The total purchase price may include the cost of freight, insurance, discounting, bank charges and other expenses associated with the sale and delivery of the vessel; provided that the net proceeds to the Steamship Authority from the sale and transfer are not less than $3,900,000.**

2. **To further authorize the General Manager to make all necessary and appropriate shipping arrangements for the delivery of the M/V Flying Cloud (O.N. 10934428) to the aforesaid Gran Cacique II in Venezuela, including the prepayment of freight charges, prior to the receipt of the total purchase price; provided that an irrevocable Letter of Credit, in such form and substance as is acceptable to the General Manager, has been delivered to the Steamship Authority.**

3. **To further authorize the General Manager to execute all contracts, agreements, certificates, a bill of sale, and all other documents, and to take all actions, necessary and appropriate to consummate the sale, transfer and delivery of the M/V Flying Cloud (O.N. 1094428) to the aforesaid Gran Cacique II, C.A.**

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

At approximately 10:05 a.m., upon Mr. Hanover's motion, seconded by Mr. Marshall, the Members then voted unanimously to adjourn the executive session.

A TRUE RECORD

MARC N. HANOVER, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

June 17, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 17th day of June, 2008, beginning at 9:30 a.m., in the Great Hall on the second floor of the Nantucket Atheneum, located at 1 India Street, Nantucket, Massachusetts. All five Members were present: Chairman H. Flint Ranney of Nantucket; Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; Robert S. Marshall of Falmouth; and David J. Oliveira of New Bedford.

Port Council Chairman Robert V. Huss of Oak Bluffs, Port Council Vice Chairman S. Eric Asendorf of Falmouth and Port Council members Robert R. Jones of Barnstable, Frank J. Rezendes of Fairhaven and Nathaniel Lowell of Nantucket were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Director of Information Technologies Mary T.H. Claffey; Reservations and Community Relations Manager Gina Barboza; Director of Marketing Kimberlee McHugh; Director of Engineering and Maintenance Carl R. Walker; Nantucket Terminal Manager Elaine Mooney; and General Counsel Steven M. Sayers.

Mr. Ranney began the meeting by stating that he had received a number of complaints from customers traveling on the *Eagle*. Specifically, Mr. Ranney reported that while generally everyone liked the fact that additional televisions had been installed on the boat, many people had asked that only those televisions inside the Eagle's Nest have sound. Mr. Lamson declared that he agreed with that request. Therefore, Mr. Lamson said, he would take steps to ensure that the other televisions on the *Eagle* use close captioning only and have their sound turned off, although the crews of course will continue to be allowed to make other arrangements during special television events when requested by the passengers.

Minutes:

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to approve the minutes of the Members' meeting in public session on May 13, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Hanover -- to approve the minutes of the Members' meeting in public session on June 6, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for April 2008, 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's net operating loss for the month of April 2008 had been more than $1,500,000, around $306,000 higher than projected, mostly due to higher-than-expected operating expenses, such as the dolphin and dock repairs at the Nantucket terminal and higher fuel costs. As a result, Mr. Lamson said, the

Authority's year-to-date loss through April 2008 was more than $9,700,000, around $692,000 higher than what had been projected.

Mr. Lamson also observed that the Authority's vessel fuel oil expense for the first four months of 2008 had increased by 74%, or $890,000, from the same period in 2007. Due to this increase, Mr. Lamson said, the Authority was now shutting down each vessel's main engines while at the dock at the Authority's mainland ports, and management would evaluate the effectiveness of this new policy in terms of fuel cost savings compared to any additional maintenance or operational issues before deciding whether to expand the practice to all dockings or to go back to leaving the engines running during the entire operating day. In this regard, Mr. Lamson noted that this policy also recently had been implemented by Cross Sound Ferries.

Mr. Lamson further pointed out that the business summary's passenger traffic statistics and market comparisons for the Nantucket route compared to the previous year appeared worse than they actually were, given the fact that the Authority did not begin operating the *Iyanough* this year until April 15, while it had begun its high-speed ferry service the previous year before the end of March. Mr. Lamson observed that the late start for the *Iyanough* this year would affect these comparative figures throughout the remainder of the year.

In response to a question from Mr. Hanover, Mr. Davis stated that the decrease in revenues from barge unloading activity at the Nantucket terminal was attributable to a combination of less barge traffic and the new year-round barge unloading rate that went into effect last year. Mr. Davis also reported that the Authority's vessels logged 1,600 fewer miles than budgeted during April 2008 because of the number of freight trips that had been consolidated.

In response to a question from Mr. Marshall, Mr. Lamson stated that, assuming the Authority is able to remain on budget for the remainder of the year, it would generate a net operating income of around $3,300,000 for 2008, which he believed to be sufficient for that year. However, Mr. Lamson said, the Authority's financial condition ultimately would depend upon its ability to maintain its projected traffic levels. Mr. Marshall expressed his discomfort with that degree of uncertainty, and he declared that both the Members and management had to continue to be conservative through these tenuous economic times. However, he agreed that management appeared to be paying close attention to these important issues.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker reported that Phase 1 of the Oak Bluffs Terminal Reconstruction Project was completed and that his department was addressing punch list items with the contractor. Mr. Walker stated that one of the items was the amount of liquidated damages the contractor owes the Authority as a result of not completing the project on time, although Mr. Walker noted that, thankfully, the terminal was operational at the time it was scheduled to open for the summer season. Mr. Walker also reported that Phase 2 of the project, which will be undertaken during the upcoming off-season, will include the replacement of the terminal's freestanding dolphins and the passenger platform at the end of the pier which will enable the Authority to load vessels both at mid-ship and by their stern doors.

Fairhaven Bulkhead and Pier Improvements:

Mr. Walker reported that the entire south side of the pier at the Authority's Fairhaven vessel maintenance facility was completed and that the north side of the pier would be completed in the next two weeks except for the fenders, which cannot be installed until the dredging is finished. Mr. Walker further reported that the transfer bridge was also in place, although it will not be operational until the cables and gallows are installed. Mr. Walker noted that, after the contractor places down the base coat of paving later this month, it will leave the site and return in mid-September 2008 (after the dredging is finished) to complete the work. Meanwhile, Mr. Walker said, the Authority will be tying up the *Governor* at the south side of the pier for the next few months of the summer season.

Transferability of Senior Citizen 10-Ride Ticket Books:

Mr. Lamson reported that management was recommending that the Authority revise its Customer Policies and Procedures Handbook to allow its Senior Citizen 10-Ride Ticket Books to be transferable between eligible spouses (and to allow two coupons to be used from the same book on the same trip). Mr. Lamson noted that these revisions would reduce the number of books that a married couple who are both senior citizens will need to buy and will address the only complaint he had heard regarding the non-transferability of those books.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to approve the changes in Section 4.2.5 of Part B of the Authority's Customer Policies and Procedures Handbook relative to the transferability and use of Senior Citizen 10-Ride Ticket Books, as recommended by management in Staff Summary #GM-523, dated June 11, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Oliveira	10 %	
TOTAL	100 %	0 %

Senior Citizen 10-Ride Ticket Books for the High-Speed Ferry:

Mr. Lamson reported that management was also recommending that the Authority create a new Senior Citizen 10-Ride Ticket Book for the Authority's high-speed passenger-only ferry. Mr. Lamson stated that management was proposing that the cost of the book be the same as the cost of the 10-Ride Ticket Book for children, which is currently $170.00, and he noted that the price represented almost a 30% discount off the high-speed ferry's 10-Ride Ticket Book for adults. Mr. Lamson also reported that the books would be sold in both electronic and paper forms, although the paper coupon books would take around five weeks to print.

However, Mr. Marshall questioned whether senior citizens on Nantucket needed this additional discount, especially given the negative financial impact that these new ticket books might have on the Authority. But Mr. Lamson stated that he felt the financial impact might be a positive one due to the increase in ridership that should result from the availability of such books. Mr. Lamson also noted that the Authority provided Senior Citizen 10-Ride Ticket Books for travel on all of its other ferries. Nantucket resident Phil Gallagher agreed with Mr. Lamson's statement, recounting how he always travels on the Authority's traditional ferries because of the *Iyanough*'s high cost. Mr. Gallagher declared that, with this new ticket book, he will now travel on the *Iyanough* instead and that, as a result, the Authority will receive more revenue from him.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to approve the sale of a Senior Citizen 10-Ride Ticket Book for the high-speed passenger-only ferry at the initial price of $170.00, which is the same price as the Child 10-Ride Ticket Book for the high-speed passenger-only ferry, as recommended by management in Staff Summary #GM-524, dated June 11, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

2008 Fall Operating Schedules:

Mr. Lamson then advised the Members that management was reviewing the number of vehicles carried by the Authority during the 2007 fall operating schedule, and comparing those figures with the capacity the Authority had available during that schedule on a daily basis to see whether it might have any excess capacity this coming fall that could be eliminated in order to save additional money due to the ever-increasing cost of fuel. However, Mr. Lamson said, based upon their initial review of last year's traffic levels, management did not see where the Authority could make significant reductions in its upcoming fall schedule, although it may be able to eliminate some freight trips toward the end of the day on certain days. Mr. Lamson stated that management hoped to be able to finalize its review by the Members' meeting next month so that it can be presented at that time.

2009 Winter and Spring Operating Schedules:

Mr. Lamson provided the Members with management's preliminary 2009 Winter and Spring Operating Schedules, as set forth in Staff Summary #RCM 01-08, dated June 11, 2008, that had been patterned after the same seasonal schedules the Authority had operated in 2008. However, Mr. Lamson noted that management was continuing to look at the traffic figures from the prior year to see whether any service schedule reductions were possible, while at the same time providing an adequate level of service. In this regard, Mr. Lamson declared that, with higher fuel prices, the Authority had to look at eliminating all trips that are not needed. Mr. Lamson stated that, before the Members would be asked to approve the final version of the schedules at their next meeting, management would be discussing them with all of the terminal managers as well as the Port Council at their next meeting on July 2, 2008.

Mr. Lowell declared that the 2009 Winter Operating Schedule had to be revised with respect to the Nantucket route so that the *Nantucket* is not the only vessel operating on that route during the weekends. Instead, Mr. Lowell, said, either the *Eagle* or the *Martha's Vineyard* should be on that route at that time so there are four vehicle lanes on the freight deck.

2009 Budget Policy Statement:

Mr. Davis then reviewed with the Members management's proposed 2009 Budget Policy Statement that sets forth the guidelines the Authority would use in the preparation of its 2009 Operating Budget. Mr. Davis noted that, among other things, the Statement would require management to identify significant terminal repairs and maintenance that will need to be accomplished (such as the bulkhead repairs to the face and north side of the Nantucket terminal), to schedule the vessels that will be dry-docked (the *Eagle*, the *Island Home*, the *Katama* and the *Governor*), to take into account expected training expenses due to the continuation of the Authority's STCW basic training and other programs, and to factor in health care and insurance costs. Mr. Davis observed, however, the wild card next year (as it was this year as well) is the anticipated cost of fuel oil. After the process is completed, Mr. Davis said, management will present a preliminary budget to the Members in September for discussion, and ask that the final version of the budget be approved in October.

Mr. O'Brien noted that the staff summary stated that management would not be preparing its five-year projection of revenues and expenses until after the approval of the 2009 Operating Budget, and he questioned why that was not going to be prepared during the course of the budget process. In this regard, Mr. O'Brien noted that management would need to see what the future revenue and expense projections were in order to determine whether any further adjustments might be necessary for 2009.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to adopt the 2009 Budget Policy Statement in the form recommended by management and attached to Staff Summary #A-496, dated June 9, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

Treasurer's Report:

Mr. Davis reported that the Authority had carried 71 fewer passengers during May 2008 compared to May 2007, with a 11.4% decrease in passengers carried on the *Iyanough*. Mr. Davis also reported that there had been a 0.5% increase in automobile traffic that month compared to May 2007, and a 6.5% decrease in truck traffic. However, Mr. Davis noted that on average the maximum high temperature in May 2008 was 3.1 degrees cooler than in 2007 and that May 2008 had 14 days with measurable precipitation while May 2007 only had eight such days.

Mr. Davis further reported that the Authority's net operating income for May 2008 was expected to be around $100,000, with revenues being around $150,000 less than what had been budgeted and operating expenses ending up around $530,000 higher than anticipated. Specifically, Mr. Davis reported that fuel costs were expected to be around $140,000 higher than budgeted despite the fact that the Authority consumed 29,000 fewer gallons than budgeted as a result of operating 1,100 fewer miles. In addition, maintenance expenses were $415,000 higher than budgeted due to repairs to the Nantucket terminal's pier and more expensive repairs to the *Island Home*, *Governor* and *Nantucket* than expected. Mr. Davis stated that, as a result, the Authority's net operating loss for the first five months of 2008 was expected to be around $9,600,000, which was $1,400,000 higher than what had been forecast in the 2008 Operating Budget.

Finally, Mr. Davis reported that, as of June 16, 2008, the Authority had sold 965 10-ride coupon books for the *Iyanough* in 2008, which represented a 39% increase from the number of *Iyanough* ticket books the Authority had sold by that same day the prior year.

After Mr. Davis finished his report, Mr. Marshall again expressed his discomfort with the possibility that the Authority might find itself in a position where it is unable to generate the revenues it needs this year, and he suggested that both the Members and management review the situation at the next Authority meeting. In this regard, Mr. Marshall emphasized that the Authority needs continuously to generate sufficient excess revenues to maintain the quality of its equipment and service.

Fairhaven Dredging Project:

Mr. Lamson then requested that the Members award the contract for dredging at the Authority's Fairhaven Vessel Maintenance Facility to Cashman Dredging and Marine Contracting Co., LLC, of Quincy, Massachusetts, the lowest eligible and responsible bidder for the contract, for an estimated total contract price of $1,943,900. In addition, Mr. Lamson asked that the Members authorize him to enter into another contract with Apex Environmental, Inc., to provide maintenance material dredge construction management and engineering services at an estimated cost of $284,000, and to pay to the City of New Bedford an estimated $875,000 for the disposal of dredge materials into the newly formed CAD cell in New Bedford harbor. Mr. Lamson stated that the project would include dredging both the north and south sides of the pier to a depth of 16 feet below mean low water (MLW), which will allow the Authority to dock any of its vessels on either side. Ultimately, Mr. Lamson noted, the entire budget for the dredging project would be $3,413,190, which includes a ten percent (10%) contingency.

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

1. **to authorize the General Manager to award Contract No. 09-08, "Fairhaven Dredging Project," to the lowest eligible and responsible bidder for the contract, Cashman Dredging and Marine Contracting Co., LLC, of Quincy, Massachusetts, for a total contract price of $1,943,900;**

2. **to authorize the General Manager to award Apex Environmental, Incorporated a contract to provide maintenance material dredge construction management and engineering services at an estimated cost of $250,000;**

3. **to authorize the General Manager to pay an estimated $750,000 to the City of New Bedford for the disposal of dredge materials into the newly constructed CAD cell in New Bedford harbor; and**

4. **to approve a budget for the Fairhaven Maintenance Facility Dredging Project, including a ten percent (10%) contingency, in the amount of $3,413,190;**

as recommended by management in Staff Summary #E-2008-4, dated June 11 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Oliveira	10 %	
TOTAL	100 %	0 %

Oak Bluffs Terminal Reconstruction Project:

Mr. Lamson then requested that the Members award the construction contract for Phase 2 of the Oak Bluffs Terminal Reconstruction Project to RDA Construction Corp. / Pihl Inc., of Canton, Massachusetts, the lowest eligible and responsible bidder for the contract, for an estimated total contract price of $4,483,524. Mr. Lamson noted that RDA Construction Corp. also had been the contractor for Phase 1 of this project, that the work under the contract for Phase 2 would include replacing the remaining approach dolphins and the passenger loading platform on the east side of the pier, and that the work should begin by early October 2008 and be completed by mid-April 2009. In addition, Mr. Lamson stated that the entire budget for Phase 2 of the project would be $5,317,976, which includes a ten percent (10%) contingency.

In response to questions from the Members, Mr. Walker acknowledged that RDA Construction Corp. had encountered several problems during its performance of Phase 1 of the project. Specifically, Mr. Walker said, its initial barge had taken on water and had to be replaced, and rough weather had caused some damage to another one of its barges. Mr. Walker also noted that, because of its delays, RDA probably would end up being liable to the Authority for around $67,500 in liquidated damages.

Nevertheless, Mr. Walker stated that RDA appeared to be better prepared for Phase 2 as a result of its experience with Phase 1, and that its project manager when most of the problems had occurred since had left the company. Mr. Walker also stated that he believed the liquidated damages for delay were sufficient, and that he had reviewed the amount of such damages in the Phase 2 contract with the Authority's engineering firm to be certain that they would again cover the Authority's out-of-pocket costs. In this regard, Mr. Walker observed that there were adverse consequences in establishing liquidated damages that are too high, such as losing bidders and risking the possibility that the stipulated damage amount would be unenforceable as a penalty instead of having been designed to estimate the Authority's costs of delay.

Finally, Mr. Walker noted that the new passenger loading platform would meet ADA guidelines and allow passengers to be loaded and unloaded from both the mid-ship passenger loading doors and the stern passenger loading doors on each vessel.

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

1. **to authorize the General Manager to award Contract No. 10-08, "Pier Reconstruction Oak Bluffs Terminal – Phase II," to the lowest eligible and responsible bidder for the contract, RDA Construction Corp. / Pihl Inc., LLC, of Canton, Massachusetts, for a total contract price of $4,483,524; and**

2. **to approve a budget for Phase II of the Oak Bluffs Terminal Reconstruction Project, including a ten per-cent (10%) contingency, in the amount of $5,317,976;**

as recommended by management in Staff Summary #E-2008-3, dated June 11 2008.

VOTING	AYE	NAY
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

Port Council's Report:

Mr. Asendorf reported how the Port Council had viewed a demonstration of the Authority's new video information displays at the Hyannis terminal earlier that month, and noted that all of the Port Council members had been impressed with the result, declaring that the displays represented a significant step forward for the Authority. Mr. Asendorf further reported that the Port Council had engaged in a spirited discussion on the senior citizen 10-ride ticket books, concluding that the new books for the *Iyanough* would likely end up being revenue neutral, if not revenue positive, and being appreciative of management's efforts to improve customer service in this way.

Affinity Credit Card:

In response to a question from Mr. Ranney, Mr. Davis stated that he had been unsuccessful in his efforts to identify any bank that was interested in issuing a Steamship Authority-affinity credit card unless the Authority would agree to share its customer lists with the issuing bank. However, Mr. Davis said that he was still waiting to hear from one local bank and that he would have a report on the matter at the Members' next meeting.

Reservations Department:

Also in response to a question from Mr. Ranney, Mr. Lamson reported that the Authority had completed its project of combining the profile numbers of automobile customers and high-speed ferry customers so that they will no longer need to have two separate profile numbers. Ms. Barboza also noted that the principal reason it was taking longer for the reservation clerks to answer the phones this year was that she had fewer employees than the previous year.

Food Trucks on the Nantucket Route:

Mr. Lowell mentioned that he had spoken to Hyannis Terminal Manager Steven Perkins about instances when trucks cancel or do not show up for a 6:00 AM trip from Hyannis to Nantucket and, as a result, there ends up being available space on that trip for standbys. Mr. Lowell suggested that, instead of filling that space with trucks on standby, the Authority should allow food trucks waiting for the 7:30 AM trip to travel on the 6:00 AM trip instead, giving them priority over all other trucks waiting in standby. However, Mr. Lamson questioned whether a formal policy to this effect was appropriate, and he noted that the handling of such situations generally was left to the discretion of the terminal agent on duty.

Public Comment:

Nantucket legislative liaison Tim Madden complimented the Members, as well as the Port Council and management, on how the Authority was improving its customer service, whether by installing WI-FI or refurbishing its vessels or, as it did today, issuing discounted 10-ride ticket books for senior citizens to travel on the fast ferry. Mr. Madden declared that, over the past few years, he had seen a distinct and positive change in attitude on the part of all of the Authority's employees, who he observed are its most important asset.

At approximately 11:20 a.m., 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 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 %	
Mr. Oliveira	10 %	
TOTAL	100 %	0 %

A TRUE RECORD

MARC N. HANOVER, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

July 15, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 15th day of July, 2008, 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 H. Flint Ranney of Nantucket; Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; Robert S. Marshall of Falmouth; and David J. Oliveira of New Bedford.

Port Council Chairman Robert V. Huss of Oak Bluffs, Port Council Vice Chairman S. Eric Asendorf of Falmouth and Port Council members Robert R. Jones of Barnstable, Frank J. Rezendes of Fairhaven 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; Director of Information Technologies Mary T.H. Claffey; Director of Terminal and Parking Operations Mark Rozum; Reservations and Community Relations Manager Gina Barboza; Director of Marketing Kimberlee McHugh; Director of Engineering and Maintenance Carl R. Walker; Director of Security Lawrence S. Ferreira; Port Captain Charles G. Gifford; Nantucket Terminal Manager Elaine Mooney; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on June 17, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Oliveira	10 %	
TOTAL	100 %	0 %

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for May 2008, 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's net operating income for the month of May 2008 had been around $213,000, approximately $587,000 lower than projected, mostly due to higher-than-expected operating expenses such as vessel maintenance costs, the dolphin and dock repairs at the Nantucket terminal and higher fuel costs. As a result, Mr. Lamson said, the Authority's year-to-date loss through May 2008 was more than $9,500,000, approximately $1,279,000 higher than what had been projected, and he noted that the variance was expected to widen even more during the month of June 2008. In particular, Mr. Lamson noted that through May 2008 the Authority's vessel fuel expense had increased by 16%, or $140,000, over the revised budget projections, even though the Authority had consumed fewer gallons than anticipated. Mr. Lamson also observed that the Authority had spent $1,300,000 more for fuel through May 2008 than it had during the same period in 2007.

Mr. Lamson then reported that management was reevaluating all of the Authority's marketing efforts in an effort to regain the market share that the Authority had lost over the prior two months despite having the lowest fares to the islands. In response to questions from the Members, Mr. Lamson stated that, if the Authority met its traffic projections for the rest of the year (which were based on the Authority's 2007 traffic levels) and if the price of vessel fuel oil remained where it was at that time, the Authority would end the year with a net operating income of around $2,000,000, instead of the approximately $4,000,000 net operating income that had been projected in the Authority's 2008 Operating Budget.

Fairhaven Bulkhead and Pier Improvements:

Mr. Walker reported that the City of New Bedford had determined that all of the dredge spoils from the Authority's dredging project can be placed in the existing CAD cell in New Bedford harbor and that, as a result, the Authority will not have to wait for CAD cell #2 to be created in order to start the project. Mr. Walker further reported that the Authority's dredging contractor, Cashman Dredging & Marine Contracting Co., LLC, will be starting their work within the next few weeks and should be finished by the end of August. Mr. Walker stated that, after Cashman is finished with the dredging, AGM Marine will return to the site to complete the north side of the pier (installing the fenders) and the paving. Thus, Mr. Walker said, the entire project should be completed in time for the first boat that is scheduled to undergo its overhaul there in mid-September.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker then reported that RDA Construction Corp./Pihl Inc., the Authority's contractor for Phase 2 of the Oak Bluffs Terminal Reconstruction Project, will be ready to commence work on October 18, 2008 after the Oak Bluffs terminal closes for the season.

Cancellation Penalties for Unused High-Speed Passenger Reservations:

Mr. Lamson reported that management was recommending that the Authority revise its Customer Policies and Procedures Handbook to eliminate the penalty for unused high-speed ferry passenger reservations. Mr. Lamson noted that, under the existing policy, no refund is allowed for any such unused reservation if it was neither cancelled nor changed with advance notice of at least two hours, and the reserved ticket becomes worthless as well (except that it can be used to travel standby later the same day). Mr. Lamson stated that management was recommending that the reserved ticket be allowed to remain valid for travel on a standby basis if it is used within one year from the date the reservation was originally booked, although the Authority still will not allow any refund for the unused reservation. Further, in the event the reservation was paid for with a coupon from a 10-trip ticket book, upon the customer's request the Authority will return a coupon to the customer's ticket book for future use, and there will be no one-year limitation on the coupon's validity.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to approve changes in Section 2.6 of Part E of the Authority's Customer Policies and Procedures Handbook to eliminate the cancellation penalty for unused high-speed passenger reservations, as recommended by management in Staff Summary #GM-526, dated July 9, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

2009 Winter and Spring Operating Schedules:

Mr. Lamson then provided the Members with management's revised 2009 Winter and Spring Operating Schedules, as set forth in Staff Summary #RCR 02-08, dated July 9, 2008, for discussion purposes only. Mr. Lamson noted that, in order to realize fuel savings while continuing to meet the service demands for those times of year, management was proposing to reduce the number of scheduled trips, particularly on the Martha's Vineyard route during the 2009 winter season. Specifically, Mr. Lamson said, management was proposing that the schedules be the same as they were in 2008, except as follows:

(a) Martha's Vineyard Route 2009 Winter Operating Schedule – The following trips that were scheduled to operate this past winter season would not be included on next year's schedule:

(i) the 6:00 AM trip from Woods Hole and the 7:00 AM trip from Vineyard Haven on Sundays only;

(ii) the 8:30 PM trip from Woods Hole and the 9:30 PM trip from Vineyard Haven on Mondays through Thursdays;

(iii) the 8:30 PM trip from Vineyard Haven and the 9:45 PM trip from Woods Hole on Fridays through Sundays.

Mr. Lamson stated that, under the proposed schedule, the last trip of the day to Vineyard Haven would leave Woods Hole at 7:30 PM on Mondays through Thursdays, and at 8:30 PM on Fridays through Sundays; but later trips could still be added on an as-needed basis. Mr. Huss then suggested that management consider delaying the last scheduled departures to provide more traveling flexibility for Vineyard residents while achieving the same fuel savings, and Mr. Hanover asked for more information (including the number of passengers that were carried on these trips this past year) before considering whether the reductions in service should be implemented.

(b) Martha's Vineyard Route 2009 Spring Operating Schedule – The following trips that were scheduled to operate this past spring season would similarly not be included on next year's schedule:

(i) the 6:15 AM freight trip from Woods Hole and the 7:15 AM freight trip from Vineyard Haven on Sundays only;

(ii) the 4:00 PM freight trip from Woods Hole and the 5:15 PM freight trip from Vineyard Haven on Saturdays only.

Mr. Lamson noted that these freights trips, as well as other freight trips later in the day, could still be operated on an as-needed basis, in the same manner as the Authority had operated them this past spring.

(c) Nantucket Route 2009 Spring Operating Schedule – The following trips that were scheduled to operate this past spring season would not be included on next year's schedule:

(i) the 6:00 AM freight trip from Hyannis and the 8:45 AM freight trip from Nantucket on Sundays only;

(ii) the 5:00 PM freight trip from Hyannis and the 7:45 PM freight trip from Nantucket on Saturdays only.

Again, Mr. Lamson noted that these freights trips could still be operated on an as-needed basis, in the same manner as the Authority had operated them this past spring.

Mr. Lamson also observed that management had revised its preliminary Nantucket Route 2009 Winter Operating Schedule by scheduling the *Martha's Vineyard* as the substitute for the *Eagle* when the latter vessel is in overhaul.

Gift Card Program:

Mr. Lamson then reported that management was recommending that the Authority create a newly-designed gift card that will be prominently displayed and available for sale at each of the Authority's terminals and will also be promoted for sale on the Authority's website, with the goal of increasing the number of Authority gift cards sold. Mr. Lamson stated that the gift cards will be able to be used in the same manner as a debit card in lieu of cash, a check or a credit card to pay for any Authority service, including parking and food concessions.

Mr. Marshall expressed his support for the new gift card, although he noted that it will need to be promoted correctly for it to succeed. In this regard, Mr. Lamson reported that the Authority will be marketing and advertising the gift cards itself, that customers will have up to seven years to use the balances on their cards, and that they will also be able to call a toll free number in order to verify the amount of their balances.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to approve the creation of a new gift card program for the Authority, and to authorize the General Manager to execute any contracts and agreements, and to take any action, necessary to implement and maintain the new gift card program, as recommended by management in Staff Summary #GM-527, dated July 9, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Oliveira	10 %	
TOTAL	100 %	0 %

Nantucket Downtown Circulation
and Ferry Access Improvement Study:

Mr. Lamson then advised the Members that the Nantucket Planning and Economic Development Commission (NP&EDC) had recently issued a report regarding how Nantucket's downtown circulation and ferry access could be improved. Mr. Lamson stated that there were many suggestions in the report that should have a positive impact on the Authority's operations, such as implementing a two-way traffic flow on Oak Street between South Beach Street Extension and Easy Street, providing better bicycle access to the terminal, widening the sidewalks along Broad and Easy Streets for better pedestrian access to the terminal, and having the Authority work more closely with the NP&EDC and the Nantucket Regional Transit Authority (NRTA) to provide information on the Authority's ferries and website regarding such subjects as shuttle bus routes and schedules, downtown facilities and directions.

However, Mr. Lamson reported that management had serious safety and security concerns over two recommendations in the study to provide pedestrian access between the Authority's terminal and Straight Wharf via a sidewalk along Easy Street waterfront, and another pedestrian walkway from Broad Street through the Authority's truck staging area and via the waterfront to Easton Street. Mr. Lamson noted that the added pedestrian access to the terminal would create operational problems and raise serious security issues under various threat situations. Mr. Lamson also observed that the Authority's vehicle staging area next to the Nantucket Yacht Club is used for loading, offloading and staging of large trucks throughout the day and at night, with trucks typically backing up from the staging area onto the Authority's freight vessels. Mr. Lamson stated that it already is a dangerous area without adding more pedestrians, especially small children, to this part of the terminal.

Nantucket Terminal Manager Elaine Mooney emphasized that the creation of any pedestrian access there would be a horrible idea, and declared that the last thing anyone should want to do is place more people in that area. Director of Security Lawrence Ferreira also noted that the terminal's entire footprint is designated as a secure area under federal law, and the United States Coast Guard could shut down the Authority's operations if the Authority did not have the ability to restrict pedestrian access to the terminal. In any event, Mr. Sayers observed, the Authority legally cannot provide access across its terminal property from Broad Street to the waterfront in front of the Nantucket Yacht Club, as it would violate rights of privacy and exclusive use conveyed to the Nantucket Yacht Club when the Authority's predecessor built a new bulkhead on the north side of the terminal in 1956.

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

1. **to adopt management's position against the recommendations in the Downtown Circulation and Ferry Access Improvement Study, dated March 2008, issued by the Nantucket Planning & Economic Development Commission (NP&EDC) to provide additional pedestrian access to the Authority's Nantucket terminal, on the grounds that such additional access raises both safety and security issues;**

2. **to instruct management to convey their comments to the NP&EDC and the Nantucket Board of Selectmen; and**

3. **to direct management also to continue to work with the NP&EDC and the Nantucket Regional Transit Authority in developing a new design for the Nantucket terminal for improving the overall flow of vehicular and pedestrian traffic at and around the terminal area.**

as recommended by management in Staff Summary #GM-528, dated July 10, 2008.

VOTING	AYE	NAY
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Oliveira	10 %	
TOTAL	65 %	0 %

Mr. Ranney abstained from both the discussion regarding this subject and the Members' vote to adopt management's position against the NP&EDC's recommendations in its Downtown Circulation and Ferry Access Improvement Study.

Analysis of Rates versus Cost of Service for 2007:

Mr. Davis reviewed Staff Summary #A-497, dated July 9, 2008, 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 2007 calendar year. Mr. Davis noted that the purpose of this analysis is to see which of the Authority's traffic segments (*i.e.*, passengers, automobiles or trucks) are subsidizing the others and to what extent.

With respect to the Martha's Vineyard route during 2007, Mr. Davis reported that:

(a) the cost of vessel operations and indirect non-vessel costs increased by $3,921,000, or 10.7%, from 2006 to 2007;

(b) 385 fewer trips were made in 2007 than in 2006, although with the *Island Home* replacing the *Islander*, vehicle deck capacity increased by 32,635 car equivalent spaces;

(c) there were 1,441 fewer spaces occupied in 2007 than in 2006, resulting in an occupancy rate of 79.8%;

(d) on average, automobiles covered only 92.1% of their allocated cost of service in 2007, with standard fare automobiles covering 129.7% and excursion fare automobiles covering 38.2%; and

(e) by comparison, on average, trucks covered 115.3% of their allocated cost of service in 2007.

Then, with respect to the Nantucket route during 2007, Mr. Davis reported that:

(a) the cost of vessel operations and indirect non-vessel costs increased by $851,000, or 3.7%, from 2006 to 2007;

(b) 121 more trips were made in 2007 than in 2006, resulting in 6,620 more car equivalent spaces;

(c) there were 803 more spaces occupied in 2007 than in 2006, resulting in an occupancy rate of 84.3%;

(d) on average, automobiles covered 133.1% of their allocated cost of service in 2007, with standard fare automobiles covering 181.0% and excursion fare automobiles covering 46.6%; and

(e) by comparison, on average, trucks covered only 95.6% of their allocated cost of service in 2007.

Mr. Hanover declared that the Authority was not using the lift decks on the *Island Home* to the extent it could, and that it should use them more in order to save money. Indeed, Mr. Hanover observed, the Authority might be able to eliminate another freight boat trip during the day if the *Island Home's* lift decks were used more consistently. In response, Mr. Lamson stated that, while the Authority was not using the lift decks on weekends, it was using them during the week to accommodate standbys, and that it was also using them when it was possible to eliminate freight trips late in the day.

Projected Revenues and Expenses for the Remainder of 2008:

Mr. Davis presented the Members with an analysis of the Authority's projected revenues and expenses for the remainder of 2008, as set forth in Staff Summary #A-498, dated July 9, 2008. Mr. Davis stated that management had performed the analysis because – if fuel prices remain where they were that day – the Authority's vessel fuel expenses were expected to exceed its budget figures by around $2,700,000, although Mr. Davis noted that some of this shortfall had been ameliorated by the supplemental rate increases that were implemented in May 2008.

Mr. Davis also noted that management recently had identified $325,000 worth of additional savings the Authority can achieve in its previously budgeted expenses. However, Mr. Davis said, based on their current assumptions the Authority's net operating income for 2008 was still projected to be only around $2,100,000, which was $2,000,000 lower than what had been originally estimated. Mr. Davis also cautioned that this number obviously could change even more dramatically in the event fuel prices continue to escalate or if traffic levels decrease from those experienced by the Authority in 2007.

Mr. Davis reported that, if the outlook were to worsen, management had identified several additional measures it would have to consider to further reduce expenses before recommending any additional rate increases, such as redirecting the last two daily trips of the *Martha's Vineyard* from Oak Bluffs to Vineyard Haven, closing the Oak Bluffs terminal earlier in the year than scheduled, reducing the daily operating schedule of the *Governor* and/or the *Iyanough* during the fall season, and/or ending the *Iyanough's* operating season earlier than scheduled. But Mr. Davis emphasized that none of those actions was being taken at that time. Instead, Mr. Davis said, management was going to continue to monitor the Authority's financial situation and keep a close eye on how it is affected by both its high fuel costs and the economy.

Mr. Davis observed that several actions already taken by the Authority will help its prospects of not having to take additional cost-cutting measures later this year. For example, Mr. Davis noted that by slowing down the vessels and consolidating trips, the Authority had consumed 61,100 fewer gallons of fuel through May of this year than it did during the same period last year. In addition, Mr. Davis reported that the Authority already had met its cash transfer obligations to the Sinking Fund for the payment of bond interest due on September 1, 2008 and for the payment of bond principal and interest due on March 1, 2009, and that he still expected that the Authority will make additional cash transfers to the Replacement Fund, the Reserve Fund and the Bond Redemption Account. In this regard, Mr. Davis noted that this had been partly made possible by the receipt of grant monies this year for the Fairhaven Pier Improvement Project and the Oak Bluffs Terminal Reconstruction Project.

Mr. Marshall declared that he strongly supported making the Authority's expenses as lean as possible, but he questioned whether the Authority could significantly reduce any more expenses without affecting the quality of its service. Mr. Marshall also declared that he was opposed to delaying any maintenance projects that needed to be done at that time, as it would only result in the Authority having to do them later at a higher cost. In addition, Mr. Marshall stated that the Authority should consider whether to impose a fuel surcharge, as he felt the price of fuel was not going to go anywhere but up, and the Authority had to maintain its quality service, its good and clean boats, and its reasonable sailing schedules.

After Mr. Ranney stated that he agreed with Mr. Marshall's statements, Mr. Oliveira said that he felt confident that management was not going to be "penny wise and pound foolish." Therefore, he asked whether the Members might want to identify a financial point where a contingent rate increase would automatically go into effect. However, Mr. Lamson assured the Members that, as the year progressed, the need for another rate increase decreased, and that the idea of a fuel surcharge would detract from the Authority's market position in having the lowest fares, which should result in increased ridership.

Ultimately, Mr. Marshall agreed that the Authority should not impose a fuel surcharge at that time; but he emphasized that the possibility of such a surcharge should remain under consideration in light of the uncertainty over what might transpire with fuel prices over the course of the next few months.

Treasurer's Report:

Mr. Davis also reported that, as of June 30, 2008, the Authority had sold 1,167 10-ride coupon books for the *Iyanough* in 2008, which represented a 30% increase from the number of *Iyanough* ticket books the Authority had sold by that same day the prior year. Mr. Davis also noted that more than 60% of the coupon books were in electronic form.

Preferred Spaces on the Martha's Vineyard Route:

Mr. Lamson then reported that management was recommending that the Authority tweak the preferred reservation policy on the Martha's Vineyard route so that the Authority can make more vehicle reservations available for sale to the general public. Mr. Lamson noted that currently each day the Authority sets aside 140 preferred spaces from Martha's Vineyard to Woods Hole and 110 preferred spaces from Woods Hole to Martha's Vineyard during the summer schedule. Mr. Lamson stated that most of those preferred spaces become available to eligible customers seven days before the day of sailing (although some spaces only become available to eligible customers at 8:00 AM the day before sailing), and many of them never get booked. Indeed, Mr. Lamson said, last month an average of 35 Martha's Vineyard-Woods Hole preferred spaces went unused each day, and an average of 23 Woods Hole-Martha's Vineyard preferred spaces went unused. Mr. Lamson stated that management was therefore recommending that the Authority release all "7-day" preferred spaces to the general public that are not booked four days in advance of the day of sailing and also release all "1-day" preferred spaces to the general public that are not booked by noon the day before sailing.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to approve management's recommendation to change the times when unbooked preferred spaces on the Martha's Vineyard route are released to the general public, so that all "7-day" preferred spaces that are not booked four days in advance of the day of sailing are released to the general public at that time, and all "1-day" preferred spaces that are not booked by noon the day before sailing are released to the general public at that time.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

Port Council's Report:

Mr. Huss reported how the Port Council had reviewed with management how the Authority could cut expenses by reducing its sailing schedule, as discussed earlier that day, and generally felt that the islanders could live with the resulting inconvenience. Mr. Huss also recounted how Nantucket Port Council member Nathaniel Lowell had been particularly pleased with the 2009 Winter and Spring Operating Schedules that management was proposing for the Nantucket route.

Mr. Huss further reported that the Port Council had reviewed Mr. Davis' analysis of the effectiveness of the Authority's rate structure to cover the respective cost of service for passengers, automobiles and trucks during the 2007 calendar year and, in particular, concluded that the Authority should not charge a premium for center spaces or overheight vehicles. Mr. Huss noted that the Authority had stopped charging for overheight vehicles years ago, and that it should not begin doing so again.

Evaluation of the General Manager:

Mr. Ranney announced that both the Members and the Port Council members had completed their performance evaluations of Mr. Lamson as General Manager, and that they had agreed that Mr. Lamson had met all or most of the goals that were set for him this past year. Mr. Ranney noted, however, that the only goal that had not been fully realized was the development of a viable succession plan, which is needed in times of emergency as well as when Mr. Lamson will decide to step down. Mr. Ranney declared that, overall, Mr. Lamson had exceeded or was outstanding in all areas of his job, that it was a great benefit to have him as the General Manager of the Authority, and that he would be hard to replace.

Terminal Information Displays:

Mr. Ranney suggested that management sell advertising on the new terminal information displays which were now operating inside each of the Authority's terminals. Specifically, Mr. Ranney suggested that advertisements could scroll along the bottom of the displays and promote local businesses at each terminal's location.

At approximately 11:10 a.m., 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. 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 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

A TRUE RECORD

MARC N. HANOVER, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

August 19, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 19th day of August, 2008, beginning at 10:30 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 H. Flint Ranney of Nantucket; Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; Robert S. Marshall of Falmouth; and David J. Oliveira of New Bedford.

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

Former Dukes County Member E. B. Collins:

Mr. Hanover began the meeting by expressing his appreciation and admiration for the work of his predecessor, E. B. Collins, who had passed away the previous day. Mr. Hanover declared that, while he had not always agreed with Mr. Collins, who was the Dukes County Member from 1990 through 1992, Mr. Collins always had been a gentleman in guiding this organization through those years during which the *Martha's Vineyard* had been designed and constructed.

Minutes:

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to approve the minutes of the Members' meeting in public session on July 15, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Oliveira	10 %	
TOTAL	100 %	0 %

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for June 2008, 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's net operating income for the month of June 2008 had been around $2,100,000, approximately $600,000 lower than projected, mostly due to higher-than-expected operating expenses such as vessel maintenance costs and higher fuel costs. As a result, Mr. Lamson said, the Authority's year-to-date operating loss through June 2008 was around $7,400,000, approximately $1,900,000 higher than what had been projected, although he noted that $1,200,000 of that variance was due to the need to make repairs to the Nantucket terminal during the course of the Nantucket dolphin repair project.

In response to a question from Mr. Marshall, Mr. Lamson stated that a combination of factors were responsible for the Authority's decline in ridership on the *Iyanough* that year while at the same time the number of passengers on Hy-Line's *Grey Lady* had increased substantially. Mr. Lamson first noted that the Authority had started service with the *Iyanough* later in the season this year than it had in 2007. In addition, Mr. Lamson observed that the *Grey Lady's* sailing times in the morning appeared to be more popular than the *Iyanough*'s. However, Mr. Lamson declared that the Authority's advertising was going to begin stressing that the Authority has the lowest fares to the islands, which should help increase the Authority's market share.

However, the Members asked whether additional promotional measures might be necessary to increase ridership on the Nantucket route. In response, Mr. Lamson stated that he was considering whether the Authority should offer free parking to customers making day trips to Nantucket through the rest of the summer schedule. Mr. Lamson said that he also had considered offering free transportation for customers' bicycles, but that the *Iyanough* might not have enough space to carry a significant increase in the number of bicycles brought on board.

The Members agreed with Mr. Lamson's idea, but emphasized that the Authority would have to promote the free parking offer quickly. Mr. Jones also suggested that a review of the Authority's entire marketing program was in order, and that this was a project that the Port Council could undertake. In this regard, Mr. Jones observed that Hy-Line appeared to do a huge business in bus tours to Nantucket, and that was one area where the Authority should be able to improve its market share. Mr. Marshall agreed, noting that there were many aspects of this problem that the Authority should be looking into, including the sailing schedule of the *Iyanough* compared to that of the *Grey Lady*. Ultimately, Mr. Ranney asked the Port Council to review this matter, and suggested that Ms. McHugh and Ms. Barboza attend their next meeting for that purpose.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to authorize the General Manager to offer free parking at the Authority's Hyannis terminal to those customers who travel to Nantucket and return to Hyannis the same day beginning immediately through October 17, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

Fairhaven Dredging Project:

Mr. Walker reported that Cashman Dredging and Marine Contracting Co., LLC, had started its dredging operations during the week of July 21, 2008, and was expected to be completed by September 6, 2008. Mr. Walker also reported that the south side of the pier at the vessel maintenance facility was around 70% complete, and that the north side was around 30% complete. Unfortunately, Mr. Walker said, Cashman had encountered a lot more debris than had been anticipated, which will need to be disposed of landside instead of in the CAD cell in New Bedford harbor. Mr. Walker further reported that management had decided to remove some additional riprap on the south side of the pier, as well as some very large rocks on the north side (that may be as deep as 30 feet below MLW) because of concern that they might otherwise obstruct the new fenders that are going to be installed on that side.

2009 Winter and Spring Operating Schedules:

Mr. Lamson then asked the Members to approve management's revised 2009 Winter and Spring Operating Schedules, as set forth in Staff Summary #RCR 03-08, dated August 13, 2008. Specifically, Mr. Lamson stated that management was now proposing that the schedules be the same as they were in 2008, except as follows:

(a) Martha's Vineyard Route 2009 Winter Operating Schedule – The Authority would continue to operate all of the trips that were scheduled to operate this past winter season except it would eliminate the 6:00 AM trip from Woods Hole on Saturdays and Sundays and the 9:30 PM trip from Vineyard Haven on Fridays and Saturdays. Thus, the M/V Island Home would berth in Vineyard Haven on Friday and Saturday nights instead of Woods Hole.

(b) Martha's Vineyard Route 2009 Spring Operating Schedule – The Authority would continue to operate all of the trips that were scheduled to operate this past spring season except it would eliminate the 6:15 AM freight trip from Woods Hole and the 7:15 AM freight trip from Vineyard Haven on Sundays only.

(c) Nantucket Route 2009 Winter Operating Schedule – The Authority would continue to operate the same schedule that was operated in 2008.

(d) Nantucket Route 2009 Spring Operating Schedule – The Authority would continue to operate all of the trips that were scheduled to operate this past spring season except it would eliminate the 5:00 PM trip from Hyannis and the 7:45 PM trip from Nantucket on Saturdays only, and the 6:00 AM trip from Hyannis and the 8:45 AM trip from Nantucket on Sundays only.

(e) The 2009 Spring Operating Schedule for both routes would be operated seven days longer than this past year (and the summer schedule would correspondingly start seven days later).

Mr. Lamson stated that, at this time, management was not proposing any other changes from this past year's schedules due to the additional analysis it had conducted after the last Authority meeting, including a review of bus connections and the number of passengers carried. Mr. Lamson also noted that the Port Council had voted to recommend that the Members approve management's revised proposed schedules. After Mr. Lamson finished his presentation, Dave Faus, Headmaster of Falmouth Academy, thanked the Authority for its willingness to listen to the concerns that had been raised on behalf of his students regarding the previously suggested elimination of the 8:30 PM trip leaving Woods Hole on week days, which was now reinstated in the currently revised schedules.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to approve the 2009 Winter and Spring Vessel Operating Schedules in the form attached to Staff Summary #RCR-03-08, dated August 13, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

Proposed Street List Requirement for Excursion Fare Eligibility:

Mr. Lamson then reported that Nantucket Town Clerk Catherine Stover had suggested that the Authority change the proof of residency that it requires from customers in order to be eligible for the Authority's excursion fares. Currently, Mr. Lamson said, the Authority requires each customer who wants to be eligible for an excursion fare to submit an affidavit declaring that he or she is an island resident. Mr. Lamson reported that Ms. Stover had asked that the Authority instead require them to be on the Street List of one of the island towns, which would be proof that their principal residence is on one of the islands. However, Mr. Lamson emphasized that the Authority would still require that they also provide a copy of their Massachusetts driver's licenses showing their island residential addresses.

Mr. Sayers then noted that Mr. Lamson and he had met that morning with the Town Clerks of Edgartown, Oak Bluffs and Tisbury, who all supported Ms. Stover's request. However, Mr. Sayers stated that management was not asking the Members to approve this suggestion that day, but was asking them to defer discussion of this subject until the public has an opportunity to comment. Nevertheless, Mr. Sayers noted that a final decision would probably have to be made at the next Authority meeting so that, if the change in excursion eligibility requirements is approved, the Authority will have sufficient time to implement it before the end of the year.

Cancellation Deadline for Transferable Headstart Reservations:

Mr. Hanover then asked Mr. Lamson to review the Authority's current May 15th deadline for transferring all of a customer's transferable Headstart reservations. In this regard, Mr. Hanover recounted how these transferable Headstart reservations are generally made by customers who rent out their homes during the summer and do not know who their renters will be at the time they are making their Headstart reservations in January. By allowing three of their Headstart reservations to be transferable, the Authority enables them to rent out their homes with ferry reservations for the renters' cars as well (as long as the renters book their homes by May 15th). Mr. Hanover stated that several people had told him that they had not been able to rent out their homes as quickly this year as they had in the past, and that it would help them to have the May 15th deadline for transferring their Headstart reservations delayed. In response, Mr. Lamson stated that management would look into this issue over the course of the following month.

Summer Preferred Space Reservations:

Mr. Hanover then asked Mr. Lamson if he could determine how many of the Authority's preferred spaces go unbooked during the summer season on a daily basis. Mr. Hanover suggested that, if the number is substantial, the Authority should consider decreasing the number of preferred spaces it holds for island residents during the summer so that more spaces are available for booking by the general public.

Treasurer's Report:

Mr. Davis reported that passenger traffic had been 0.3% lower in July 2008 than it had been in July 2007, and that automobile traffic similarly had decreased by 0.1%; but that truck traffic had increased by 0.5%. Mr. Davis then reported that the Authority's net operating income for July 2008 was expected to be around $5,000,000, slightly less than what had been budgeted for the month. Although Mr. Davis noted that, while revenues were expected to be $200,000 higher than projected because of the supplemental rate increases that went into effect May 1, 2008, expenses were expected to be $600,000 higher than budgeted, principally due to fuel costs ($331,00 above budget projections) and maintenance expense ($180,000 above budget estimates due to repairs to the dolphins and dock at the Woods Hole terminal, as well as vehicle and equipment repairs). Mr. Davis stated that the Authority's net operating loss for the first seven months of 2008 was $2,500,000, which was around $2,400,000 higher than projected. However, Mr. Davis noted that it appeared the Authority would end the year with a $2,500,000 net operating income, which was a little better than what management had reported the prior month.

Martha's Vineyard Dry-dock and Overhaul Services Contract:

Mr. Lamson then requested the Members to award awarded Contract No. 12-08, for dry-dock and overhaul services for the *Martha's Vineyard*, to the lowest eligible and responsible bidder for the contract, Thames Shipyard & Repair Company of New London, Connecticut, for a total contract price of $307,550. Mr. Lamson noted that the *Martha's Vineyard* was scheduled to be in the shipyard from early September through mid-October to undergo a required United States Coast Guard hull examination, machinery inspections, rudder bearing upgrades and topside painting.

The Members asked why the lowest bid for the contract was almost $90,000 higher than the $220,000 estimate that had been budgeted. In response, Mr. Walker stated that the budget estimate had been prepared last year when one other shipyard was bidding for the Authority's work. Currently, Thames Shipyard is the only bidder in the area and only had its dry-dock available for ten days. As a result, Mr. Walker, said, Thames Shipyard based its bid on double-shifting this project, which increased the cost as well.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to award Contract No. #12-08, "Dry-dock and Overhaul Services for the M/V Martha's Vineyard," to the lowest eligible and responsible bidder for the contract, Thames Shipyard & Repair Company of New London, Connecticut, for a Total Contract Price of $307,550, as recommended by management in Staff Summary #E 2008-6, dated August 13, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

Change in Summer Shoulder Season Operating Schedule:

Mr. Lamson announced that, because of the Thames Shipyard's need to dry-dock the *Martha's Vineyard* a few days earlier than had been expected when the Members approved the 2008 Summer Operating Schedule last year, the Authority will be taking the *Martha's Vineyard* off of line service three days earlier than scheduled, on September 3, 2008 instead of September 6, 2008, and replacing her with the *Nantucket*. In turn, Mr. Lamson said, the *Nantucket* will be replaced on the Hyannis-Nantucket route by the *Sankaty*. Mr. Lamson also assured the Members that the Authority's Reservations Clerks were already contacting customers with reservations on the *Nantucket* during that three-day period to make certain the Authority can accommodate their travel plans.

Engineering Service for the Hyannis Terminal Slip Improvements:

Mr. Lamson asked the Members for authorization to negotiate and enter into an agreement with Fay Spofford & Thorndike, LLC, of Burlington, Massachusetts to provide construction management and engineering services for the Authority's Hyannis Terminal Slip Improvements Project, for an estimated cost of $489,800. Mr. Lamson reported that, although the Authority is not legally required to solicit proposals for these professional design and engineering services, earlier this year management had issued a request for qualifications to four marine engineering firms with a proposed scope of work that included the completion of the final design for the project, the preparation of bid documents, and construction management services. Mr. Lamson stated that, based upon management's evaluation of the four proposals received, Fay Spofford & Thorndike's proposal was the only one to be rated as "highly advantageous," and its fee proposal was around $240,000 lower than that of the only other marine engineering firm whose proposal was considered to be "advantageous." Mr. Lamson further stated that, depending upon availability of funds, management hopes to be in a position to issue final bid documents for the project so that the construction contract can be awarded by the end of next summer, with the actual work completed during the off-seasons over a two-year period.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to authorize the General Manager to negotiate and enter into an agreement for construction management and engineering services in connection with the proposed Hyannis Terminal Slip Improvements Project with Fay Spofford & Thorndike, LLC, of Burlington, Massachusetts, for an estimated cost of $489,800, as recommended by management in Staff Summary #E 2008-5, dated August 13, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

Port Council's Report:

Mr. Huss reported that the Port Council had been kept informed of the progress of the Fairhaven Vessel Maintenance Facility Dredging Project by Mr. Rezendes, who regularly was emailing photographs of the site to the rest of the Port Council members. Mr. Huss further reported that the Port Council had reviewed with management the factors that led to the reinstatement of several trips to the 2009 Winter and Spring Operating Schedules that management previously had proposed to eliminate; that Nantucket Port Council member Nathaniel Lowell had asked management to see whether the length increments for truck rates should be made smaller for greater loading efficiencies on the vessels; and that all of the Port Council members had discussed various marketing promotions, such as free parking and guest house packages, to increase the *Iyanough's* market share on the Hyannis-Nantucket route.

Goals and Objectives for the General Manager:

Mr. Ranney announced that the Members had received from Mr. Lamson a list, dated August 13, 2008, of eight proposed goals and objectives for the upcoming year. Mr. Lamson then briefly reviewed the list, noting that some of the goals and objectives were similar to the ones for the previous year. While saying that he supported all of the listed goals and objectives, Mr. Marshall suggested adding one more, namely, that the General Manager pay particular attention to the parking situation in Falmouth. Mr. Marshall noted that the current Falmouth parking situation was not where any of the Members would like to it to be, as the Authority's parking lots were scattered all over the area, including Bourne.

Similarly, Mr. O'Brien suggested adding another goal, namely, the strengthening the Authority's internal controls. Mr. O'Brien also noted that this might be a project for an outside auditor. Mr. Oliveira then observed that all of the goals and objectives appeared to be straightforward and not overly ambitious, which he declared was a testament to all of the goals that had been accomplished over the past few years.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to approve the following goals for the General Manager during the period from July 1, 2008 through June 30, 2009:

1. **Oversee the timely completion of ongoing capital projects, including the Fairhaven Bulkhead Improvement Project, and Phase 2 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 Phase 3 of the Oak Bluffs Terminal Reconstruction Project, the proposed Hyannis Terminal Slip Improvement Project, and the M/V Eagle Mid-Life Refurbishment Project.**

3. **Continue to explore alternate sources of revenues or income to help partially offset the need for additional rate increases.**

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

5. **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.**

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

7. **Continue discussions with local stakeholders relative to the feasibility and/or desirability of installing sewage pump-out facilities at the Authority's terminals, including an assessment of the port towns' ability to accept the additional wastewater flow from the Authority's vessels and the modifications that would**

be needed to connect to local wastewater treatment systems.

8. **Explore the feasibility of acquiring a freight vessel replacement that would give the Authority greater flexibility and efficiency in scheduling freight service to the islands.**

9. **Pay particular attention to the parking situation in Falmouth.**

10. **Strengthen the Authority's internal controls.**

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

New Bedford Member David J. Oliveira:

Mr. Oliveira announced that this meeting was his last as the Authority's New Bedford Member, as he had decided not to seek reappointment to a third term as an Authority Member after having served two full three-year terms. Mr. Oliveira stated that he was leaving his position knowing that, under the leadership of the current Members and Mr. Lamson, the Authority was now being managed better than at any other time in his six years as the New Bedford Member.

Mr. Ranney declared that it had been a privilege to have Mr. Oliveira as a Member these past six years, and thanked him for all of his hard work, his generous sense of humor and his keen perceptions on how to improve so many different aspects of the Authority's operations. Mr. Ranney stated that the Authority clearly was a better organization today because of all of Mr. Oliveira's contributions over the years.

Public Comment:

Dave Faus, Headmaster of Falmouth Academy, noted how his school had 25 students this past year ride the Authority's ferries on a daily basis, and he thanked the Authority's employees for the service and care that they provided them throughout the academic year. Mr. Faus also stated that he remains very impressed not only by the employees' service to the Authority's customers, but also by the Authority's reliability and the accommodations on the *Island Home*, where there is a study space for the students as well as a wi-fi connection.

At approximately 11:37 a.m., 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 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 %**	
Mr. Oliveira	**10 %**	
TOTAL	**100 %**	**0 %**

A TRUE RECORD

MARC N. HANOVER, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

September 16, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 16th day of September, 2008, beginning at 9:30 a.m., in the Discovery Room of the Nantucket Whaling Museum, located at 15 Broad Street, Nantucket, Massachusetts. All five Members were present: Chairman H. Flint Ranney of Nantucket; Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; Robert S. Marshall of Falmouth; and John A. Tierney of New Bedford.

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

Chairman's Remarks:

Mr. Ranney welcomed Mr. Tierney, who was attending his first meeting as the New Bedford Authority Member, as well as everyone in the audience, including Nantucket Selectmen Patricia Roggeveen and Michael Kopko, Nantucket Town Clerk Catherine Flanagan Stover, and New Bedford Harbor Development Commission Executive Director Kristin Decas.

Minutes:

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on August 19, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
TOTAL	100 %	0 %

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for July 2008, 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's net operating income for the month of July 2008 had been around $5,350,000, approximately $95,000 lower than projected. Mr. Lamson noted that, although all of the other ferry operators had carried fewer passengers in July 2008 than in July 2007, the number of passengers carried by the Authority this past July was very close to the number of passengers carried by the Authority in July 2007. As a result, Mr. Lamson said, the Authority's operating revenues exceeded projections in July by more than $500,000 due to the supplemental rate increases that were implemented this past May. However, the Authority's expenses for the month were almost $600,000 higher than budgeted, primarily due to higher fuel costs.

Mr. Lamson further reported that the Authority's year-to-date operating loss through July 2008 was around $2,000,000, approximately $2,000,000 higher than what had been projected, although he noted that $1,200,000 of that variance was due to repairs to the Nantucket terminal during the course of the Nantucket dolphin repair project. Mr. Lamson also stated that the Authority's cash balances remained relatively strong, and that the proceeds from the sale of the *Flying Cloud* had been deposited into the Authority's replacement fund.

Fairhaven Dredging Project:

Mr. Walker reported that Cashman Dredging and Marine Contracting Co., LLC, had completed the dredging around the pier of the Authority's Fairhaven vessel maintenance facility, and that he had authorized a $125,000 change order to dredge a little further on the south side of the pier. However, Mr. Walker noted that, because less material had been placed in the CAD cell in New Bedford harbor than anticipated, the cost of the entire dredging project (including the change order) would be around $200,000 below the estimated contract amount. Mr. Walker also reported that AGM Marine Contractors, Inc. had finished installing the fenders on the north side of the pier, that it should finish the base coat of pavement by the end of that week, and that it would return later to pave the top coat.

Mr. Lamson thanked New Bedford Mayor Scott Lang and Ms. Decas for all of their assistance in moving this project along by obtaining the financing for the second CAD cell in New Bedford harbor so that the Authority could dispose of its dredge material in the harbor's first CAD cell this past summer.

Hyannis Slip Modifications Project:

Mr. Walker reported that he had met the prior week with Fay, Spofford & Thorndike, LLC, the engineers for the project, to review their contract, which he hoped would be finalized by the end of the week. Mr. Walker also reported that the Authority intended to construct this project in two phases, with the first phase taking place during the 2009-2010 off-season and the second phase during the 2010-2011 off-season.

Street List Requirement for Excursion Fare Eligibility:

Mr. Sayers then asked the Members to approve management's proposed changes to the Authority's Customer Policies and Procedures Handbook so that each customer, in order to be profiled as being eligible for excursion fares, will be required to be on an island town's so-called Street List instead of being required to submit an affidavit declaring that he or she is an island resident. Mr. Sayers noted that there would be no change to the Authority's policy requiring that any island resident traveling on an excursion fare must travel with a vehicle that is registered at an address on one of the islands to the resident or someone else in the resident's household; nor would there be any change to the requirement that, in order for individuals to prove their island residency, they must also provide the Authority with copies of their driver's licenses showing their residential address on Nantucket or Martha's Vineyard.

Mr. Sayers recounted how management was proposing that the Authority adopt this change in policy in response to a request from Nantucket Town Clerk Catherine Flanagan Stover, who had been joined in her request by all of the town clerks on Martha's Vineyard. Ms. Stover then urged the Members to adopt management's proposed change, declaring that the islands would have a more accurate census if more residents register for the Street List in order to maintain their eligibility for excursion fares. Indeed, Ms. Stover estimated that the Town of Nantucket may receive as much as $1,100 a year in federal and state funding for each additional resident who registers for the Street List.

In response to questions from the Members, Ms. Stover stated that all island residents were eligible to register for the Street List, regardless of nationality or legal status. Ms. Stover also noted that the town clerks would provide the Authority with certificates for individuals who register for the Street Lists after their most recent publication, as well as for law enforcement and public safety personnel whose names are not included in the published version of the Street Lists.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to approve revisions to the Authority's Customer Policies and Procedures Handbook so that, in order to be profiled as being eligible for excursion fares, a customer will be required to be on the so-called Street List of an island town instead of being required to submit an affidavit declaring that he or she is an island resident, as set forth in the red-lined version of Section 4.1 of Part C of the Handbook attached to Staff Summary #L-374, dated September 11, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Cancellation Deadline for Transferable Headstart Reservations:

Mr. Lamson then asked the Members to approve management's proposed change to the Authority's Customer Policies and Procedures Handbook so that the cancellation date of transferable Headstart reservations, instead of being May 15th, would be the later of May 15th or 30 days prior to the scheduled departure of the first segment of the reservation. Mr. Lamson noted that transferable Headstart reservations are generally made by island residents who rent out their homes during the summer and do not know who their tenants will be when they are making the reservations in January. By allowing three of their Headstart reservations to be transferable, Mr. Lamson said, the Authority will enable them to rent out their homes with ferry reservations for the tenants' cars as well, as long as the tenants book their homes by the cancellation deadline for transferring these Headstart reservations.

Mr. Hanover stated that he supported the proposed change, recounting how several people had told him that they had not been able to rent out their homes as quickly this year as they had in the past. Mr. Hanover observed that the change would help those home owners by delaying the May 15th deadline for transferring their Headstart reservations.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to approve revisions to the Authority's Customer Policies and Procedures Handbook to change the current cancellation deadline for transferable Headstart reservations, as set forth in the red-lined version of Section 4.2 of Part F of the Handbook attached to Staff Summary #GM-529, dated September 11, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
TOTAL	100 %	0 %

Preliminary Proposed 2009 Operating Budget:

Mr. Davis presented management's preliminary draft of the proposed 2009 Operating Budget for the Members' review and comments, noting that the budget would not have to be approved until the Members' next meeting in October. Mr. Davis described how, in the preliminary draft of the budget, the Authority's operating expenses were expected to increase by $268,000 in 2009 over the current 2008 estimate, which represents an increase of around 0.3%. Mr. Davis also noted that the estimate for 2008 is based on seven months of actual expenses (January through July) and five months of budgeted expenses (August through December). In particular, Mr. Davis reported that:

- Depreciation was expected to increase by $1,194,000 (or 14.7%) due to a full year of depreciation on the refurbished *Nantucket*, the Fairhaven Bulkhead and Dredging Project, and Phase I of the reconstructed Oak Bluffs terminal. In addition, there will be a partial year of depreciation on Phase II of the reconstructed Oak Bluffs terminal.

- Maintenance was expected to drop by $1,879,000 versus the 2008 estimate, due to the extraordinary amounts spent this year ($1,600,000) in repairs to the Nantucket terminal dolphins and dock, as well as $200,000 spent on the now departed *Flying Cloud*,

- Wages were expected to increase by $1,292,000 (or 4.5%) due in part to more positions the Authority will be filling in 2009, including two Night Engineers and two Night Oilers.

- Health care and pension costs were expected to increase by $250,000 (or 3.7%).

- Payroll taxes were expected to increase by $160,000 (or 7.5%).

- Vessel fuel oil was expected to decrease by $400,000 (or 3.8%), assuming that the price of oil remains around $105 per barrel and the Authority reduces the number of vessel trips so that it operates 10,000 fewer miles in 2009 than in 2008. In this regard, Mr. Davis also reported that management was exploring different hedging strategies to see whether the Authority can lock in lower fuel prices and reduce the volatility of its fuel costs.

Mr. Davis stated that it was not anticipated at that time that any rate increases will 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 around $6,900,000 next year, and making sufficient transfers to the Authority's replacement fund. Mr. Davis also stated that, based upon management's current estimate of revenues and expenses, the Authority's operating income for 2009 was expected to be around $4,300,000.

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

Mr. Davis asked the Members 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, 2008. Mr. Davis noted that the fee for Deloitte & Touche's services this year would be $115,000, representing a $7,000 (or 6.5%) increase from their fee for 2007, but that much of the increase was attributable the additional resources Deloitte & Touche requires to perform its auditing services, as their audit field work had expanded due to the growth in the Authority's operations and the promulgation of Governmental Accounting Standards Board Pronouncement 34 (GASB 34), which now requires Deloitte & Touche to audit the Authority's Statement of Cash Flows on a direct method basis.

Mr. Marshall recommended that the Authority continue to use Deloitte & Touche as the Authority's auditors, declaring that he felt they had been doing a good job and that they understood the Authority's operations and its issues. Messrs. O'Brien and Ranney agreed, noting that they both had been impressed by the depth of Deloitte & Touche's audits when they had participated in their reviews. At Mr. Jones' request, Mr. Davis stated that he would make certain that the Port Council would also be given the opportunity to be represented at Deloitte & Touche's reviews in the future.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Hanover -- 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, 2008 for a fee of $115,000, as recommended by management in Staff Summary #A-500, dated September 10, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Treasurer's Report:

Mr. Davis reported that passenger traffic had been 4% higher in August 2008 than it had been in August 2007, and that automobile traffic similarly had increased by 3.8%; but that truck traffic had decreased by 9%. Mr. Davis then reported that the Authority's net operating income for August 2008 was expected to be around $6,800,000, $475,000 higher than what had been budgeted for the month. Mr. Davis noted that revenues were expected to be $400,000 higher than projected because of the supplemental rate increases that went into effect May 1, 2008, and that expenses were expected to be $110,000 lower than budgeted, principally due to lower claims under the Authority's self-funded health plan. By contrast, Mr. Davis said, fuel costs were expected to be $127,000 above budget projections, and maintenance expenses were expected to be around $100,000 above budget estimates due to repairs to the *Governor* and the dolphins and dock at the Woods Hole terminal, as well as vehicle and equipment repairs. Mr. Davis stated that the Authority's net operating income for the first eight months of 2008 was $4,700,000, which was around $1,500,000 lower than projected.

In response to questions from the Members, Mr. Davis stated that it appeared the Authority's offer of free Hyannis parking for customers making day trips to Nantucket had increased the number of passengers carried by the Authority. Mr. Davis reported that, from August 23, 2008 (when the Authority began the promotion) through the end of that month, 250 more cars had been parked for one day in the Authority's Hyannis parking lots than during the same time period the prior year.

Finally, Mr. Davis reported that the Authority had sold 2,305 10-ride ticket books for the *Iyanough* this year through the end of August 2008, which represented a 29% increase in the sale of such books compared to the same time period in 2007. Mr. Davis also noted that two-thirds of the books had been purchased this year in electronic form.

Port Council's Report:

Mr. Asendorf reported that the Port Council, at their meeting earlier that month, had discussed all of the issues that had been raised that day, and had reached the same conclusions as the Members had. Mr. Asendorf also reported that the Port Council would be discussing the Authority's marketing efforts at their next meeting and, given that people have a better chance of predicting the weather than the price of oil, it was appropriate for the Port Council so to focus on how to get tourists to travel to the islands.

Royalty Sharing Agreement
with Elliott Bay Design Group LLC:

Mr. Lamson then asked the Members for authorization to enter into a licensing fee or royalty sharing agreement with Elliott Bay Design Group LLC ("EBDG"), the firm that designed the Authority's *Island Home*, in connection with the licensing of the *Island Home's* designs, drawings and associated intellectual property. Mr. Lamson stated that Washington State Ferries was looking to build two 64-car vessels based on a modified version of the *Island Home* for its route between Port Townsend and Keystone, and that the use of the *Island Home* designs would allow Washington State Ferries, with the assistance of EBDG, to accelerate the vessels' design phase, issue a bid package and award a construction contract, possibly by the end of 2008.

In response to a question from Mr. Tierney, Mr. Lamson stated that he had negotiated the agreement's terms with EBDG and that the proposed sharing of the royalties from the designs – with 70% going to EBDG and 30% going to the Authority – was based on the fact that EBDG was performing additional work in modifying the designs and would be the sole entity to stand behind them. By contrast, the Authority would be indemnified by EBDG from any liability claims arising out of the use of the *Island Home* designs. As a result, Mr. Lamson said, the agreement may allow the Authority to generate around $500,000 in additional revenues with no risk, if and when those vessels are ultimately built.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to authorize, empower and direct the General Manager to grant a nonexclusive, non-transferable, non-assignable license to Elliott Bay Design Group with regard to the designs, drawings and associated intellectual property related to the *Island Home*, and to take any and all necessary actions and execute any and all such documents, agreements or other instruments as necessary or desirable to carry out the intent and purpose of the license fee or royalty arrangement, as recommended by management in Staff Summary #GM-530, dated September 15, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Public Comment:

Nantucket resident Phil Gallagher asked whether Boston Culinary Group had stopped its food service at the Hyannis terminal, as he had never seen the food concession stand open there. Mr. Ranney similarly commented that he recently had wanted to purchase a t-shirt at the Hyannis terminal, but no one was there to sell it to him or any sign telling him how he could purchase it. In response, Mr. Lamson stated that the Authority had received other complaints about the Hyannis terminal food concession stand not being open during the afternoon, and that he would discuss the matter with Boston Culinary Group.

At approximately 10:57 a.m., 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. Tierney -- 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 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

A TRUE RECORD

MARC N. HANOVER, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

October 21, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 21st day of October, 2008, 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 H. Flint Ranney of Nantucket; Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; Robert S. Marshall of Falmouth; and John A. Tierney of New Bedford.

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

Minutes:

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on September 16, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
TOTAL	100 %	0 %

Resolution Authorizing the Sale of
$5,000,000 Bond Anticipation Notes:

Mr. Lamson requested the Members to adopt a Note Resolution allowing the Authority to refinance $5,000,000 in outstanding Bond Anticipation Notes (that have had a net interest rate cost of 2.13%) which become due on October 30, 2008. Mr. Lamson stated that the new Notes will be payable on July 30, 2009. In response to questions from the Members, Mr. Lamson acknowledged that the timing of the refinancing was not good, but noted that he had been informed that there should be multiple bidders for the Notes. Mr. Lamson also advised the Members that, in the event there were no bidders for the Notes, management's contingency plan was to negotiate with one of the Authority's banks to purchase the notes. Mr. Lamson further observed that Moody's had given the Notes its highest rating and that it appeared the credit market had started to loosen up again.

Mr. Davis also informed the Members that another recent public note offering had resulted in two bids with the lower bid offering an effective interest rate of slightly above three percent. Accordingly, Mr. Davis stated that, while he did not expect that the Authority would be able to pay as low an interest rate as the current Notes, he thought the Authority could still end up with an interest rate of between 2.5 and three percent.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. O'Brien -- to adopt the Note Resolution in the form attached to Staff Summary #A-501, dated October 15, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for August 2008, 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's net operating income for that month had been around $6,950,000, approximately $611,000 higher than projected, due to a combination of higher revenues and lower operating expenses. Mr. Lamson noted that the higher revenues were likely attributable to the fact that there were five full weekends in August 2008 and that Labor Day fell on September 1st. Mr. Lamson said that operating expenses were lower because there had been fewer health claims under the Authority's self-funded medical plan. However, Mr. Lamson noted that the cost of vessel fuel had been $129,000 over budget, despite the fact that the Authority's vessels had used 11,000 fewer gallons than projected.

Mr. Lamson further reported that the Authority's year-to-date operating income through August 2008 was $4,915,000, approximately $1,363,000 lower than what had been projected, although he noted that $1,200,000 of that variance was due to repairs to the Nantucket terminal during the course of the Nantucket dolphin repair project.

Mr. Marshall expressed his appreciation for the amount of fuel that was being conserved by the Authority, and noted that all of the employees, from management through each vessel's crews, were making the same admirable effort. Mr. Ranney also commended management for the flexibility that was being shown in consolidating freight trips and thereby eliminating some of those trips that are not needed. In response to a question from Mr. Hanover, Mr. Lamson stated that he thought the Authority's offer of free Hyannis parking for customers making a day trip to Nantucket did increase ridership, as the number of single-day parkers in Hyannis had increased from the prior year since that offer was made in late August 2008, while the number of multiple-day parkers there had gone down.

Fairhaven Dredging Project:

Mr. Walker reported that, except for a few minor items, the Fairhaven Dredging Project was completed and that the Fairhaven Vessel Maintenance Facility was fully operational. Specifically, Mr. Walker stated that the Authority would be installing concrete curbing and two mooring fenders at the transfer slip on the south side of the pier, at a cost of around $50,000. Mr. Walker also reported that the Authority's neighbor to the north of the property will be dredging the south side of his dock within the next few months so that the depth of the water between the two properties will be a uniform 16 feet below mean low water.

Mr. Walker stated that, when everything is finished, the project should end up costing around $2,250,000, which was approximately $750,000 below the original contract price due to the fact that the Authority was able to put larger materials into the CAD cell in New Bedford harbor and did not have to dispose of as much debris on land as anticipated. In response to questions from the Members, Mr. Walker reported that, not only will the Authority now be able to maintain all of its vessels at this facility, but in the event of a hurricane it should be able to moor one vessel on the north side of the pier (which is 300 feet long), and two vessels on the south side of the pier (which is 500 feet long), and possibly raft one or two more vessels alongside them.

Mr. Walker then thanked all of the Authority's employees who had input and worked on the project, as well as all of them who dealt with all of the problems and inconveniences during the long construction period on a daily basis, including working in Fall River. The Members echoed these sentiments and observed that all of the work and money that have gone into the facility's improvements appeared to be well worth it.

Preliminary Draft of the Proposed
2009 Summer and Fall Operating Schedules:

Mr. Lamson then reviewed with the Members management's preliminary draft of the proposed 2009 Summer and Fall Operating Schedules, as attached to Staff Summary #RCR 04-08, dated October 15, 2008. Mr. Lamson noted that this subject was being presented to the Members at this time only for discussion, as the schedules did not have to be approved until the Authority's November 2008 meeting.

Martha's Vineyard Route

Mr. Lamson stated that management was proposing to operate the same summer and fall operating schedules in 2009 as were being operated in 2008, except that during the height of the summer season (June 24 through September 9, 2009) the *Sankaty's* 6:30 PM trip leaving Woods Hole would go to Vineyard Haven instead of Oak Bluffs, and the *Martha's Vineyard's* 7:30 PM trip leaving Woods Hole similarly would go to

Vineyard Haven instead of Oak Bluffs. As a result, Mr. Lamson said, the Authority would be able to close the Oak Bluffs terminal after the *Martha's Vineyard's* 6:15 PM departure and man the terminal with only one shift of employees instead of two, saving around $45,000.

In addition, Mr. Lamson pointed out that, just as there will be no freight boat service on this route on either Thanksgiving or Christmas Day this year, there would be no freight boat service on this route on either Thanksgiving or Christmas Day in 2009.

Nantucket Route

Mr. Lamson stated that management similarly was proposing to operate the same summer and fall operating schedules in 2009 as were being operated in 2008, except that the two round trips provided by the *Sankaty* Mondays through Fridays from September 9 through October 12, 2009 would be eliminated. Mr. Lamson said that it did not appear that was enough demand to warrant that additional service and, in addition, ending the *Sankaty's* service on the Nantucket route earlier would give the Authority four more weeks to complete Phase I of the Hyannis Slip Improvements Project during the 2009-2010 off-season.

Both Mr. Hanover and Mr. Huss declared that they could not support management's proposed change to close the Oak Bluffs terminal earlier during the height of the summer season. Mr. Hanover stated that, in his opinion, the Authority should fully utilize that terminal given the $12,000,000 that is being spent on it and the traffic congestion that exists in Vineyard Haven; and he also noted that there are large numbers of passengers who currently travel on the 8:30 PM trip from Oak Bluffs and would be inconvenienced if they had to travel out of Vineyard Haven. Mr. Huss further mentioned that he had discussed this possibility with quite a few people in Oak Bluffs, and that they all had told him that it would hurt their businesses as well. In response to these comments, Mr. Lamson advised the Members that management would be withdrawing this proposed change to the Martha's Vineyard summer schedule before it is brought back to them for approval next month.

Amendment to License Agreement with
New England Fast Ferry of Massachusetts, LLC:

Mr. Lamson then asked the Members for authorization to enter into an amendment to the Authority's license agreement with New England Fast Ferry of Massachusetts, LLC ("NEFF") changing the schedule of trips to reflect NEFF's current ferry operating schedule between New Bedford and Martha's Vineyard. Mr. Lamson noted that, under the current license agreement, NEFF is allowed to provide service only on weekdays beginning October 15, 2008 through April 17, 2009, but that NEFF had sent information to the Authority indicating that it desires to continue providing weekend service through November 30, 2008. Accordingly, Mr. Lamson stated that, if the Members were to approve the amendment to the license agreement, NEFF will continue to be allowed to operate twice a day between New Bedford and Vineyard Haven seven days a week through November 30, 2008, at which time it will then operate twice a day on weekdays only through April 17, 2009.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to authorize the General Manger to enter into an amendment to the Authority's license agreement with New England Fast Ferry of Massachusetts, LLC ("NEFF"), allowing NEFF to provide two round trips between New Bedford and Martha's Vineyard on weekends, as well as on weekdays, from October 15, 2008 through November 30, 2008, as recommended by management in Staff Summary #GM-531, dated October 15, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

2009 Operating Budget:

Mr. Davis then reviewed with the Members management's proposed 2009 Operating Budget. Mr. Davis described how, in the proposed budget, the Authority's operating expenses were expected to increase by around $650,000 in 2009 (to $79,900,000) over the Authority's current 2008 estimate, which represented an increase of around 0.8%. Mr. Davis also noted that the estimate for 2008 was based on eight months of actual expenses (January through August) and four months of budgeted expenses (September through December). In particular, Mr. Davis reported:

- Depreciation was expected to increase by $1,186,000 (or 14.6%) due to a full year of depreciation on the refurbished *Nantucket*, Phase I of the reconstructed Oak Bluffs terminal, and the Fairhaven Bulkhead and Dredging Project. In addition, there will be a partial year of depreciation on Phase II of the reconstructed Oak Bluffs terminal.

- Maintenance was expected to drop by $1,937,000 compared to the 2008 estimate, due to the extraordinary amounts the Authority spent this year ($1,600,000) in repairs to the Nantucket terminal dolphins and dock, as well as $200,000 spent on the now departed *Flying Cloud*,

- Health care and pension costs were expected to increase by $1,000,000 (or 9.5%).

- Wages were expected to increase by $976,000 (or 3.4%).

- Vessel fuel oil was expected to decrease by $425,000 (or 4.1%), assuming that the price of oil remains around $105 per barrel (an average of $3.48 per gallon of fuel oil) and the Authority operates 843 fewer trips in 2009 than in 2008 (sailing 9,400 fewer miles and consuming 80,000 fewer gallons). Mr. Davis stated that management also planned to issue a new invitation for bids to suppliers to see whether the Authority can obtain an acceptable fixed price for some or all of its fuel oil next year.

Mr. Davis also reported that, due in part to the supplemental rate increases that already went into effect in May 2008, 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 around $6,900,000 next year to meet scheduled bond interest and principal payments, and making sufficient transfers to the Authority's replacement fund. Mr. Davis stated that, based upon management's current 2009 revenue and expense estimates, the

Authority's operating income was expected to be around $4,100,000. Finally, Mr. Davis reported that the Port Council, at their meeting on October 1, 2008, had voted unanimously to recommend that the Members approve the 2009 operating budget as proposed by management.

Mr. Marshall declared that, while the Members could discuss certain of the assumptions that were built into the budget, he felt that generally it was a fair document without much leeway. Mr. Ranney then asked management to work towards locking in a lower price for the Authority's vessel fuel, although Mr. Marshall noted that the Authority potentially had as much to lose as it had to gain in locking in a price now. Alternatively, Mr. Marshall suggested that the Authority may want to lock in a price for a portion of its fuel, but not all of it. Mr. Hanover responded by saying that the Authority should lock in a price for at least 50% of its fuel in order to avoid the possibility of supplemental rate increases similar to what had been necessary this past year. Ultimately, the Members agreed that management should arrive at a strategy to lock in a price for at least a portion of the Authority's fuel, depending upon the fixed price that can be obtained, for consideration by the Members at their next meeting.

Mr. O'Brien also commended Mr. Davis for including with the materials a chart showing what rate increases will be needed from 2010 through 2014 in order to maintain the Authority's current operating margin. Observing that the chart indicated that the Authority will need around a 15% increase in fares over those five years, Mr. O'Brien asked whether it might be appropriate to implement a one percent increase in 2009 in order to decrease the need to implement higher fare increases in later years.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to adopt the 2009 Operating Budget as proposed by management in Staff Summary #A-502, dated October 15, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

M/V Eagle Dry-dock and Overhaul Services Contract:

Mr. Lamson requested the Members to award a contract to dry-dock and perform overhaul services for the *Eagle* to the lowest eligible and responsible bidder for the contract, Thames Shipyard & Repair Company of New London, Connecticut, for a total contract price of $362,850. Mr. Lamson noted that the *Eagle* was scheduled to be in the shipyard from mid-December 2008 until mid-January 2009 to undergo a required Coast Guard hull exam, machinery inspections and topside painting.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to award Contract #18-08 for dry-dock and overhaul services for the M/V Eagle to the lowest eligible and responsible bidder for the contract, Thames Shipyard & Repair Company of New London, Connecticut, for a Total Contract Price of $362,850, as recommended by management in Staff Summary #E 2008-7, dated October 15, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
TOTAL	100 %	0 %

Sale of Surplus Property:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to award Contract #14-08 for the sale of one 35-foot landing craft as surplus property, to the highest eligible and responsible bidder for the property, W. S. Shultz of Woods Hole, Massachusetts, for a Total Contract Price of $28,020.00, as recommended by management in Staff Summary #E 2008-8, dated October 15, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
TOTAL	100 %	0 %

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to award Contract #20-08 for the sale of a 6-piece floating dock system as surplus property, to the highest eligible and responsible bidder for the property, AGM Marine Contractors of Mashpee, Massachusetts, for a Total Contract Price of $21,101.00, as recommended by management in Staff Summary #E 2008-9, dated October 15, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
TOTAL	100 %	0 %

Port Council's Report:

Mr. Huss reported that the Port Council, at their meeting earlier that month, had a fairly lively discussion about management's proposed change to the 2009 summer operating schedule for the Martha's Vineyard route, and had asked for more information on the number of passengers carried on the affected trips so that the subject could be further discussed in November. In addition, Mr. Huss, said, the Port Council had voted to recommend that the Members approve management's proposed 2009 operating budget, and had engaged in a long and frank discussion regarding the Authority's marketing objectives, strategies and tactics, during which all of the Port Council members had offered their opinions about how to increase the Authority's ridership. Both Mr. Huss and Mr. Jones noted that the Port Council planned to discuss this subject from time to time in the future as well.

Mr. Ranney thanked the Port Council for their focus on this subject, and mentioned that he would like to see scrolled advertising on the bottom of the information monitors at the Authority's terminals, preferably from businesses located in the ports to which the customers are traveling.

Treasurer's Report:

Mr. Davis reported that the Authority had sold 2,685 10-ride ticket books for the *Iyanough* this year through the end of September 2008, representing a 27% increase in the sale of such books compared to the same time period in 2007. Mr. Davis also noted that two-thirds of the books had been purchased this year in electronic form.

Mr. Davis then announced that five bids had been received that morning for the $5,000,000 of Bond Anticipation Notes, and the lowest bid had been submitted by Eastern Bank at an effective net interest rate cost of 2.168%.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to award $5,000,000 Bond Anticipation Notes, dated October 29, 2008 and payable July 30, 2009, to the lowest eligible and responsible bidder for the Notes, Eastern Bank, at an effective net interest rate cost of 2.168%, as recommended by management.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Public Comment:

Nantucket resident Phil Gallagher reported that a number of passengers were complaining about the condition of the seat cushions on the *Eagle*, which were badly torn up. In response, Mr. Ranney stated that he already had discussed the matter with Mr. Walker, who was in the process of replacing them. Mr. Walker further stated that the seats themselves would be replaced when the vessel undergoes its mid-life refurbishment in a few years, and that the new seats would still allow passengers sufficient opportunity to lie down and be accompanied with numerous electrical outlets.

Mr. Gallagher then asked for an update to his question at last month's meeting whether Boston Culinary Group had stopped its food service at the Hyannis terminal. In response, Mr. Lamson stated that he still had to schedule a meeting with the firm in order to discuss whether it should be required to maintain a food stand there during certain specified hours. Mr. Ranney also asked whether a sandwich vending machine could be placed on the *Gay Head*, at least during the summer.

Vessel employee Sean Burke announced that, as the newly elected Vice President of the Licensed Officer & Maritime Workers Union, he represents the licensed deck officers on the Authority's vessels. Mr. Burke stated that he was concerned that the Authority was not requiring New England Fast Ferry of Massachusetts, LLC ("NEFF") to comply with all of its obligations under its original license agreement with the Authority, as he understood that NEFF's commitment to those original obligations were the reason the Authority did not undertake the New Bedford-Martha's Vineyard route itself. Mr. Burke said that at the same time the Authority itself was reducing service, which resulted in more vessel employees being laid off. Mr. Burke also questioned whether the reduction in service benefited the public, mentioning that the previous Saturday numerous stand-by customers had been forced to wait seven hours at the Vineyard Haven terminal because the Authority had changed from the summer to the fall operating schedule that day.

At approximately 10:59 a.m., 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 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 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

A TRUE RECORD

MARC N. HANOVER, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

November 18, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 18th day of November, 2008, 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 H. Flint Ranney of Nantucket; Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; Robert S. Marshall of Falmouth; and John A. Tierney of New Bedford.

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

Minutes:

IT WAS VOTED -- upon Mr. Hanover' motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on October 21, 2008.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
TOTAL	100 %	0 %

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for September 2008, 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's net operating income for that month had been around $1,523,000, approximately $892,000 lower than projected, due to a $961,000 drop in anticipated revenues. Mr. Lamson noted that the Authority carried 11.3% fewer passengers in September 2008 than in September 2007, and 9.2% fewer automobiles, with most of the decrease experienced on the Nantucket route. Indeed, Mr. Lamson said that for the first nine months of 2008, the Authority had carried more passengers on the Martha's Vineyard route than the same period the year before, while passenger traffic on the Nantucket route had fallen by almost 6%.

Mr. Lamson further reported that the Authority's year-to-date operating income through September 2008 was $6,438,000, approximately $2,555,000 lower than what had been projected, although he noted that $1,200,000 of that variance was due to repairs to the Nantucket terminal during the course of the Nantucket dolphin repair project. Mr. Lamson also noted that the cost of the Authority's vessel fuel oil was responsible for another $783,000 of the variance, despite the Authority's fuel conservation efforts.

Fairhaven Dredging Project:

Mr. Walker reported that, although the Fairhaven Vessel Maintenance Facility was fully operational, two mooring fenders at the transfer slip on the south side of the facility will be installed within the next three or four months (at a cost of around $50,000). Mr. Walker also reported that Warren Alexander, the Authority's neighbor to the north of the property, should be dredging the south side of his dock in January 2009 so that the depth of the water between the two properties will be a uniform 16 feet below mean low water (at a cost to us of around $20,000).

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker then reported that RDA Construction Corp. had begun work on Phase 2 of the Oak Bluffs Terminal Reconstruction Project and that the project was going well. Mr. Walker stated that RDA already had removed the wooden dolphins on the north side of the pier, demolished the walkway, and begun driving piles for the two new northern dolphins, and that everything was either on or ahead of schedule.

Hyannis Terminal Slip Improvements Project:

Mr. Walker reported that the Authority was still working with Fay, Spofford and Thorndike on the design of the Authority's Hyannis Terminal Slip Improvements Project, that construction of Phase 1 of the project would start in September 2009 and continue through April 2010, after which Slip #2 would be fully functional and aligned parallel to Slip #1. Mr. Walker stated that construction of Phase 2 of the project, involving the high-speed ferry slip, would then take place the 2010-2011 off-season.

In response to questions from the Members, Mr. Walker noted that, although the project will include all of the piping to install pump-out facilities at the Hyannis terminal for the Authority's vessels, similar pump-out facilities will also have to be operational at the Woods Hole terminal before those pump-out facilities can be used. In addition, Mr. Walker said, all of the Authority's vessels will have to be modified to have much larger fresh water holding tanks. Mr. Walker further reported that, in December 2008, management would be meeting with the Massachusetts Coastal Zone Management and the head of the Falmouth waste water treatment plant to discuss various issues regarding this matter, including the fact that the sewer line to Woods Hole is in very bad condition and that the plant currently does not have enough excess capacity for the volumes that the Authority's vessels would put into the system.

License Agreements:

The Members then held a public hearing with respect to the following proposed license agreements:

A. Hyannis Harbor Tours, Inc. ("Hy-Line").

Mr. Sayers stated that the first license agreement to be renewed in 2009 was the Authority's license agreement with Hy-Line to operate passenger-only ferry service between Hyannis and Nantucket, Hyannis and Martha's Vineyard (Oak Bluffs), and Nantucket and Martha's Vineyard (Oak Bluffs). Mr. Sayers reported that Hy-Line had asked for a two-year renewal of its license agreement that reduces the number of trips it operates between Hyannis and Oak Bluffs with the fast ferry, *Lady Martha*, during the spring, early and late summer, and fall seasons; and that Hy-Line had also asked for a reduction of around $130,000 in the amount of license fees it pays the Authority for its Hyannis-Nantucket service.

Hy-Line's Vice President of Operations, R. Murray Scudder, stated that Hy-Line was trying to economize its routes and make them as cost effective as possible in order to improve Hy-Line's bottom line. Mr. Scudder acknowledged that Hy-Line was seeking some consideration relative to the Nantucket route in the form of a modification to the license fee formula when the Authority's *Iyanough* is not of service. Noting that more than half of the people traveling to Nantucket choose to go by high-speed ferry, Mr. Scudder declared that it is a necessary service and that Hy-Line is happy to do it. However, Mr. Scudder stated that Hy-Line does not make a profit on the service during the winter months and that it is also difficult to operate that time of year, which he said was the reason the Authority decided not to operate the *Iyanough* during the winter.

Mr. Ranney stated that he supported Hy-Line's request even though it meant a 27% reduction in the license fee that Hy-Line pays the Authority, because he did not think it was fair for the Authority to require Hy-Line to pay a fee for passengers carried on the *Grey Lady* when the Authority was not operating. Mr. Ranney further stated that he hoped the Authority could make up the difference by somehow increasing the number of passengers carried on the *Iyanough* during the other times of the year.

But Mr. Sayers stated that, when the current license fee formula had been established, the Authority had taken into consideration the fact that Hy-Line was operating the *Grey Lady* on a year-round basis. Further, Mr. Sayers said, the previous year the Authority also had agreed to increase the *Grey Lady's* capacity to 300 passengers on all of its trips, which had resulted in an increase of almost 6,000 passengers carried by that vessel in 2008. Mr. Sayers also noted that, over the past few years, Hy-Line's market share had increased on the Nantucket route, while its average per-passenger license fee had decreased from $1.50 to $1.26. In addition, Mr. Sayers said, the Authority had agreed to repeated incremental changes to the license fee formula that has helped Hy-Line's bottom line in recognition of their year-round service, including the exclusion of student and youth groups from the license fee formula. As a result, Mr. Sayers observed, Hy-Line was now carrying almost 400,000 passengers on an annual basis, compared to the 250,000 or so passengers it historically had carried before it had received a license from the Authority, providing Hy-Line several million dollars of additional revenues each year. Finally, Mr. Sayers noted that, because the Authority already had adopted its operating budget for 2009, which included license fees from Hy-Line based upon the current license fee formula, in order to maintain the appropriate allocation of revenues and expenses by route, the Authority would have to find other ways to increase revenues or decrease expenses on the Nantucket route if it were to modify that formula.

Mr. Sayers stated that, for all of these reasons, management had some difficulty recommending that the Authority agree to Hy-Line's requested modification of its license fee formula without any indication from Hy-Line that there was a financial need for such action, other than to say that operating the high-speed service during the winter months was economically questionable. Mr. Sayers declared that the public should be able to see whether there is in fact any financial need, and that the staff would be discussing all of these issues with Hy-Line over the next several weeks.

In response, Mr. Ranney suggested that perhaps the Authority could compensate for Hy-Line's requested modification to the license fee formula by increasing the amount of license fees paid by Hy-Line when it carries the number of passengers at the higher end of the formula. Mr. Ranney declared that, while the island of Nantucket obviously needed the Authority, it also needed Hy-Line.

Mr. Scudder disagreed with Mr. Sayers' statement that the Authority's agreement earlier that year to increase the capacity of the *Grey Lady* to 300 passengers on all of its trips had resulted in the vessel carrying almost 6,000 more passengers. Instead, Mr. Scudder said, the *Grey Lady* had carried only around 3,000 more passengers as a result of that action. Mr. Scudder also stated that he thought it was misleading to say that Hy-Line's ridership and market share was increasing based solely on its 2008 passenger counts compared to 2007, especially when that increase in ridership occurred during the winter months. Finally, Mr. Scudder declared that, if necessary, Hy-Line would welcome the opportunity to put everything in the open because its requested modification of the license fee formula was absolutely necessary for Hy-Line to continue operations, and that it may need additional modifications to the formula as well.

Hy-Line's Director of Business Development, Martin Reilly, stated that Hy-Line was saving the Authority money by operating the *Grey Lady* during the winter, and that there were costs to do this as well as wear and tear on the vessel. Mr. Reilly also noted that Hy-Line pays federal, state and local taxes, as well as license fees, and that it seemed fair and equitable to allow Hy-Line to operate during the winter without paying any license fees on the passengers carried during that time if it saved the Authority money.

In response, Mr. Sayers observed that there was no more basic truth for the island of Nantucket that both the Authority and Hy-Line has to survive financially, and management would continue to have discussions with Hy-Line regarding its request before presenting a recommendation to the Port Council at their next meeting in December 2008.

B. Freedom Cruise Line, Inc.

Mr. Sayers stated that the next license agreement to be renewed in 2009 was the Authority's license agreement with Freedom Cruise Line, Inc. ("Freedom") to operate passenger-only ferry service between Harwichport and Nantucket. Mr. Sayers reported that Freedom had informed the Authority that it is requesting a new two-year license agreement with no substantive changes from its 2007-2008 license agreement. Mr. Sayers then asked whether anyone in the audience would like to comment on Freedom's request, but there was no response.

**C. Cape and Islands Transport, Inc.
d/b/a Falmouth-Edgartown Ferry.**

Mr. Sayers stated that the third license agreement to be renewed in 2009 was the Authority's license agreement with Cape and Islands Transport, Inc., d/b/a Falmouth-Edgartown Ferry, to operate passenger-only ferry service between Falmouth and Martha's Vineyard (Edgartown). Mr. Sayers reported that Falmouth-Edgartown Ferry had asked for slight changes in its scheduled sailing times during the summer and fall seasons, and an increase in the licensed capacity of its vessel, the *Pied Piper*, from generally 90 passengers to its Coast Guard-approved capacity of 135 passengers. Mr. Sayers also noted that, based upon passenger reports received from the Authority, the number of passengers carried by the *Pied Piper* had decreased from almost 27,000 in 2007 to around 17,000 in 2008, and he asked whether Falmouth-Edgartown Ferry could tell the Authority what the reason was for that decrease.

Falmouth-Edgartown's attorney, Robert Ament, acknowledged that the *Pied Piper* had seen a 38% decline in passengers in 2008 even though it had only reduced the number of trips by 23% this past year. Further, Mr. Ament said, despite the reduction in the number of trips, fuel costs increased by 28%, and labor costs were not reduced at all. Mr. Ament also reported that, while ticket prices for the *Pied Piper* had gone up a lot, which may also have been the reason for the decline in passengers, Falmouth-Edgartown Ferry's net revenue was considerably lower and there had been a loss in the operations, which it hoped to reverse in 2009.

Mr. Ament also stated that Falmouth-Edgartown Ferry was asking for an increase in the *Pied Piper's* capacity because, despite the overall decline in ridership, there had been occasions when potential customers had been turned away. In addition, Mr. Ament said, Falmouth-Edgartown Ferry was exploring joint marketing with Edgartown hotels and time shares that would allow people to go from Falmouth more quickly to Edgartown, and that in order to serve those groups the vessel would also have to have the additional capacity for its general ridership. Mr. Ament also noted that, because they did not know when time share groups would be traveling on the vessel, Falmouth-Edgartown Ferry had to ask for increased capacity on all of its trips, instead of just for the trips (such as those on Friday nights) when it historically has had to turn customers away.

Mr. Marshall stated that he had no issue with the change in schedules, but he questioned why Falmouth-Edgartown Ferry was not asking to add back at least some of its dropped trips in order to increase the number of passengers it carries. In response, Mr. Ament stated that Falmouth-Edgartown Ferry was not sure what the future would bring in terms of increased ridership, and the additional trips might only increase its fuel costs and the other costs of its operation.

Mr. Ament noted that Falmouth-Edgartown Ferry was also considering whether to decrease its ticket prices in an effort to increase its customers. In response to another question from Mr. Marshall, Falmouth-Edgartown Ferry's General Manager, Mark Jones, stated that he had projected that the vessel's reduced schedule in 2008 would result in a 25% decline in ridership, which meant that the additional 13% decline in ridership may have been due to the price increase. After Mr. Marshall observed that Falmouth-Edgartown Ferry's customers certainly wanted to get to Edgartown very badly for them to pay $50 round trip, Mr. Ament noted that for some people "time is money" and the convenience of the direct connection to Edgartown, instead of having to go through Woods Hole and then Vineyard Haven, is worth it to them.

Authority vessel employee Sean Burke, who is also a delegate of the Licensed Officers and Maritime Workers Union, affiliated with Local 1596 UAW, stated that he understood that the Authority cannot provide all of the service required by the public, but he suggested that the Authority should still be protecting itself so that it can continue to provide year-round service. In this regard, Mr. Burke observed that the Authority's ridership has been going down in recent years, while ridership with the private carriers has greatly increased.

D. Tisbury Towing and Transportation Co., Inc.

Mr. Sayers stated that the fourth license agreement to be considered was a proposed new agreement with Tisbury Towing & Transportation Co., Inc. to continue operating a bulk cargo barge service between New Bedford and Martha's Vineyard (Vineyard Haven). In this regard, Mr. Sayers noted that Tisbury Towing does not currently have a license agreement with the Authority, but he said that management was proposing to formally allow it to continue operating its bulk cargo barge service on a long-term basis in essentially the same manner that it historically has operated its service. However, Mr. Sayers noted that the proposed license agreement would expressly prohibit Tisbury Towing from carrying any rental cars or other vehicles (except in certain circumstances on an ancillary basis to its bulk cargo service, as may be specified in the agreement).

Mr. Sayers then asked whether anyone in the audience would like to comment on this proposed license agreement with Tisbury Towing, and New Bedford Harbor Development Commission Executive Director Kristin Decas declared that the City of New Bedford strongly supported the continuation of Tisbury Towing's service.

Finally, Mr. Sayers stated that management anticipated that proposed recommendations regarding all of the license agreements would be presented to the Port Council at their next meeting before submitting final recommendation to the Members for their consideration at their next regularly scheduled monthly meeting on December 16, 2008.

2009 Summer and Fall Operating Schedules:

Mr. Lamson then reviewed with the Members management's proposed 2009 Summer and Fall Operating Schedules, as attached to Staff Summary #RCR 05-08, dated November 12, 2008.

Martha's Vineyard Route

Mr. Lamson stated that management was proposing to operate the same summer and fall operating schedules in 2009 as were being operated in 2008.

Nantucket Route

Mr. Lamson stated that management similarly was proposing to operate the same summer and fall operating schedules in 2009 as were being operated in 2008, except that the two round trips provided by the *Sankaty* Mondays through Fridays from September 9 through October 12, 2009 would be eliminated to give the Authority four more weeks to complete Phase I of the Hyannis Slip Improvements Project during the 2009-2010 off-season. In addition, Mr. Lamson said, during the period from May 19 through June 23, 2009, the 5:00 PM freight trip from Hyannis and the 7:45 PM freight trip from Nantucket would not be scheduled on Saturdays, and the 6:00 AM freight trip from Hyannis and the 8:45 AM freight trip from Nantucket would not be scheduled on Sundays, although those freight trips could still be operated on an as-needed basis.

Tisbury Selectman Tristan Israel declared that he appreciated the tremendous amount of public service put in by the Members, but he asked that they should adopt the preliminary recommendation that management had made the previous month to move the last two daily trips into Oak Bluffs during the height of the summer to Vineyard Haven. In support of his request, Mr. Israel noted that some trips had been moved from Vineyard Haven to Oak Bluffs a few years ago, and that Tisbury needed to provide for the economic well being of the restaurants and other businesses in the town, which was the Authority's year-round port on the Vineyard. In addition, Mr. Israel observed that the town would receive additional passenger embarkation fees, and the Authority would save $45,000 in operational costs. Mr. Israel then provided the Members with two letters in support of his request, one from former Tisbury Selectwoman Cora Medeiros, and the other from Tisbury Town Manager John Bugbee on behalf of the Tisbury Selectmen. Ultimately, however, Mr. Israel acknowledged that the Members have to look out for all of the communities it serves and that they had a hard decision to make.

Mr. Hanover expressed his disappointment that some people still perceived that he was favoring one town over another, which he declared was absolutely not the case and that he would not benefit personally from keeping the trips at issue in Oak Bluffs. Further, Mr. Hanover noted that the Authority had moved trips from Vineyard Haven to Oak Bluffs because of complaints from Tisbury regarding traffic, and that since the trips had been moved he was not aware of any further back-ups in Vineyard Haven. Mr. Hanover also observed that the Authority carried 50,000 more passengers to Vineyard Haven so far in 2008 than it did during the same time period in 2007, and that Vineyard Haven has had the benefit of the new *Island Home*, which can carry 400 more passengers and 20 more cars than the *Islander* could, and which also makes an additional trip per day.

Mr. Lamson confirmed that, in 2005, the Authority had received a number of complaints about traffic problems at Five Corners in Vineyard Haven around noon and early evening and that, in response, the Authority moved a couple of trips from Vineyard Haven to Oak Bluffs in 2006. Further, Mr. Lamson stated that management had weighed the amount of savings it would achieve in moving some of those trips back to Vineyard Haven, but that on balance the relatively small amount did not seem to warrant the decrease in the level of service to Oak Bluffs, particularly since the recent drop in the price of oil had relieved the pressure the Authority had been under to make even more serious cost-cutting measures, such as closing the Martha's Vineyard Reservations Office.

Mr. Israel then assured Mr. Hanover that the Tisbury Selectmen were not in any way claiming that Mr. Hanover was personally benefiting from this decision, and he acknowledged that the Town and the Authority had some differences a few years ago over who bore responsibility for traffic congestion. Tisbury Selectman Denys Wortman stated that he would like to echo what had been said by Mr. Israel, and he observed that $45,000 in savings was still a rather large number. However, Ronald L. DiOrio, Chairman of the Oak Bluffs Selectmen, stated that the Town of Oak Bluffs supported management's recommendation.

Finally, Mr. Sayers noted that one of the concerns that management had about moving the 8:30 PM trip that leaves from Oak Bluffs so that it instead leaves from Vineyard Haven was that passengers who travel on that trip might be inconvenienced if they had to travel out of Vineyard Haven. Accordingly, Mr. Sayers suggested that, before making such a move, the Authority might want to take surveys of passengers on that trip to get a better sense of what their travel needs and preferences are.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to approve the 2009 Summer and Fall Vessel Operating Schedules and the M/V Iyanough's 2009 Operating Schedule as proposed by management in Staff Summary #RCR 05-08, dated November 12, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

2009 Reservation Opening Dates:

Mr. Lamson reviewed with the Members the various dates that the Authority will begin accepting 2009 Headstart reservations (January 7-14, 2009 by mail and on-line only), reservations from the general public for the 2009 Summer Operating Schedule (January 20, 2009 by mail and on-line, and January 27, 2009 by telephone), and reservations for the 2009 Fall Operating Schedule (June 22, 2009). Mr. Lamson also noted that the reservation-only dates for the Martha's Vineyard route during 2009 would be every Friday, Saturday, Sunday and Monday from June 26 through September 7, and May 21-26, July 2, September 8, and October 9 and 12, 2009.

Mr. Hanover thanked Mr. Lamson for the information and for previously extending the deadline by which customers must transfer their transferable Headstart reservations. However, Mr. Hanover expressed his concern that customers attempting to make reservations in advance for long-term rentals last summer were still being told that no reservations were available, even though the last trips at night were continuing to sail with many empty vehicle spaces. Therefore, Mr. Hanover asked whether the number of automobiles allowed to travel in the so-called "Blue Line" could be increased or whether at some point the Members should revisit the subject of reservation-only days completely. In response, Mr. Lamson stated that management would be reporting next month on what the usage of preferred reservations had been the previous summer, and that he hoped the situation could be improved at least somewhat by making adjustments to the preferred reservation allocations.

2009 Capital Budget:

Mr. Davis then reviewed with the Members management's proposed 2009 Capital Budget. Mr. Davis noted that, as of September 30, 2008, the Authority had $4,852,000 of funds available for capital projects; that $12,525,000 of additional funds were expected to become available in 2008 and 2009; that $7,575,000 of those funds are needed to complete current capital projects which already have been authorized; and that, accordingly, management was proposing to add eight new capital projects for 2009 (plus miscellaneous projects of less than $50,000 each) with an aggregate estimated cost of $9,025,000, which will leave $777,000 available for contingencies and other future projects. Specifically, those new capital projects are:

(a) Personal computer replacements (at an estimated cost of $70,000).

(b) Three pickup trucks (at an estimated cost of $75,000). Mr. Davis noted that, on average, the Authority's current pickup trucks are 15 years old and have been driven 160,000 miles.

(c) The study phase for the replacement of the Authority's accounting computer system (at an estimated cost of $100,000). Mr. Davis observed, however, that the replacement computer system itself may cost several million dollars and will not be undertaken until 2010. In response to a question from Mr. Marshall, Mr. Davis stated that management intended to discuss the general scope of the project with the Authority's independent auditors, Deloitte & Touche, LLP, and that the Members would be kept informed about the process used to select the consulting firm to conduct the study.

(d) Networking and security upgrades (estimated to cost $165,000).

(e) Design and engineering for the *Eagle's* mid-life refurbishment (estimated to cost $250,000). Mr. Walker stated that the design and engineering will include consideration of whether the refurbished *Eagle* should have lift decks and/or upper level fixed decks to better utilize the current mezzanine space. Mr. Walker also stated, in response to a question from Mr. Ranney, that there would be electrical outlets installed at all locations where passengers are seated at a table next to a bulkhead.

(f) Three shuttle buses for the Woods Hole/Falmouth parking lots (at an estimated cost of $465,000).

(g) Phase I of the Hyannis Slip Improvements Project (at an estimated cost of $3,500,000).

(h) Phase 3 of the Oak Bluffs Terminal Reconstruction Project (estimated to cost $4,150,000), including the construction of a new passenger walkway, renovation of the terminal building and improvements to the staging and passenger pick-up/drop-off area.

Mr. Davis further reported that management had developed a capital improvement plan for the years 2010 through 2014, which included estimates for anticipated projects, the projected sources for the funds, and the available bond authorization, assuming the Authority receives no additional federal or state funding. Finally, Mr. Davis noted that, at their meeting earlier in the month, the Port Council had voted unanimously to recommend to the Members that the 2009 Capital Budget be adopted as proposed by management.

IT WAS VOTED -- upon Mr. Hanover' motion, seconded by Mr. O'Brien -- to adopt the 2009 Capital Budget as proposed by management in Staff Summary #A-504, dated November 12, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Treasurer's Report:

Mr. Davis reported that the Authority had sold 3,034 10-ride ticket books for the *Iyanough* this year through the end of October 2008, representing a 23% increase in the sale of such books compared to the same time period in 2007. Mr. Davis also noted that only 105 of those books (3.5%) were senior citizen ticket books, and that 130 of the books were children ticket books

M/V Katama Dry-dock and Overhaul Services Contract:

Mr. Lamson requested the Members to award a contract to dry-dock and perform overhaul services for the *Katama* to the lowest eligible and responsible bidder for the contract, Thames Shipyard & Repair Company of New London, Connecticut, for a total contract price of $166,860. Mr. Lamson noted that the *Katama* was scheduled to be in the shipyard from mid-January 2009 until mid-February 2009 to undergo a required Coast Guard hull exam, machinery inspections and painting.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to award Contract #19-08R for dry-dock and overhaul services for the M/V Katama to the lowest eligible and responsible bidder for the contract, Thames Shipyard & Repair Company of New London, Connecticut, for a Total Contract Price of $166,860, as recommended by management in Staff Summary #E 2008-10, dated November 12, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Port Council's Report:

Mr. Huss reported that the Port Council, at their meeting earlier that month, had discussed the same matters that had been considered by the Members that day, including the Authority's current capital projects, the 2009 summer and fall operating schedules, and the 2009 capital budget. In addition, Mr. Huss said, the Port Council suggested ways that the Authority possibly might obtain funding for several projects in the 2009 capital budget.

Mr. Huss reported that Mr. Rozum had also informed the Port Council of measures management was taking to improve the loading of vehicles onto the boats by determining the actual sizes of the different trucks with reservations and then filling the boats to capacity. Mr. Huss noted that this would be done by having a report generated to the Reservations Office whenever the deck space of a fully reserved boat is not filled to 90% capacity, and then having the Reservations Office review the information and make the appropriate allocation adjustments for that particular trip.

Mr. Burke described some of the issues the Authority faces in connection with the loading of vehicles onto a boat, such as customers who don't want to go under the wings or onto the lift decks of the boat or who want to be the first ones off, and not knowing in advance how many vehicles are there to be loaded or what their sizes are. But Mr. Burke stated that the Authority's employees were attempting to improve the efficiency of the loading operations and speed up the vessels' turnaround times. For example, Mr. Burke said, cars that the terminal agent knows can be loaded onto the *Island Home's* lift decks are segregated in advance at the dock. Mr. Wortman agreed, recounting how he had traveled twice on the *Island Home's* lift decks without any problems, and that both times he had been placed in a special line at the Vineyard Haven terminal.

Mr. Hanover then complimented Associate Agent Ryan Young for taking care of one of the Authority's customers who had arrived late one afternoon in Woods Hole without a reservation. Mr. Hanover recounted how Mr. Young had spoken with the person loading the boat and was able to get her on even though it appeared to be already full, and he thanked everyone involved.

Boston Culinary Group:

In response to a question from Mr. Ranney, Mr. Lamson stated that he asked David Oberlander of Boston Culinary Group why the Eagle's Nest at the Hyannis terminal was often closed, and that Mr. Oberlander had informed him that it was due to the lack of business. Mr. Lamson said that he had suggested to Mr. Oberlander that there should be a sign at the stand showing the hours it is open at different times of the year so that the traveling public can know in advance whether it will be open and, if not, make other arrangements.

New Bedford Port Council Member Philip H. Chase, Jr.:

Mr. Ranney announced that Philip H. Chase, Jr. had resigned as the New Bedford Port Council member for personal reasons. On behalf of the Members, Mr. Ranney then thanked Mr. Chase for his dedicated service to the Authority over the past three years.

Marketing:

At Mr. Ranney's suggestion, the Members agreed to schedule a meeting sometime before the end of December 2008 in order to discuss the Authority's advertising and how it might better market its services and obtain more tour group business. However, the Members agreed that the meeting would not involve all of the Members, but rather only Messrs. Ranney and O'Brien, who would meet with Messrs. Huss, Jones and Lowell from the Port Council, as well as Mr. Lamson and Mmes. Hughes and Barboza.

Vessel Fuel Price Hedging:

Recounting how the Authority had been forced to implement supplemental rate increases in May 2008 due to the extraordinary increases in the cost of its vessel fuel oil, Mr. Lamson reported that, in order to prevent this situation from happening again, management was initiating a program with a consulting firm, Hedge Solutions, to develop an appropriate hedging program. Mr. Lamson stated that the program, at a minimum, would be designed to protect the Authority against unbudgeted increases in the cost in fuel oil by locking in a cap price over the next twelve months, outside of the Authority's current fuel oil supply contract with Canal Fuel. Mr. Lamson noted that the Authority would also continue to benefit from any fall in oil prices while at the same time it would be protected financially in the event of any sudden price increases over the prices assumed in the 2009 operating budget. Mr. Lamson also advised the Members that the premium cost for this price "insurance" would likely be around $0.15 per gallon.

The Members agreed with management's decision to begin this program, and Mr. Marshall observed that it was probably the least dangerous of all of the Authority's options.

Public Comment:

Newly elected State Representative Tim Madden noted that, over the past few months during his campaign he had ridden a lot on the Authority's vessels and that they were always very clean and well maintained by our crews. In addition, both Richard Sherman and Mr. Wortman complimented the new design of the food concession area on the *Nantucket*, declaring that it was very comfortable and a great improvement from what existed before.

At approximately 11:44 a.m., 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. O'Brien'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 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

A TRUE RECORD

MARC N. HANOVER, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

December 16, 2008

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 16th day of December, 2008, beginning at 9:45 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 H. Flint Ranney of Nantucket; Vice Chairman Robert L. O'Brien of Barnstable; Secretary Marc N. Hanover of Dukes County; Robert S. Marshall of Falmouth; and John A. Tierney of New Bedford.

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

Election of Officers:

Mr. Ranney announced that, in accordance with the Authority's Enabling Act, Mr. O'Brien, as the Authority's Barnstable Member, will automatically become the Authority's Chairman for the year 2009. Mr. Ranney then entertained motions for the election of the remainder of the Authority's officers for the upcoming year.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Marshall -- to elect Marc N. Hanover to serve as the Authority's Vice Chairman for the year 2009.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**65 %**	**0 %**

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. O'Brien -- to elect Robert S. Marshall to serve as the Authority's Secretary for the year 2009.

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

Mr. Hanover then thanked Mr. Ranney for his year of service as the Authority's Chairman, declaring that the organization had gone from "good to great in 2008" and that the Members had all worked harmoniously together for the good of both the Authority and their constituencies. In turn, Mr. Ranney thanked the Authority's employees for a very good year and for their support of all of the Members' efforts. Mr. Ranney then listed some of the Authority's accomplishments this past year:

(a) Welcoming Mr. Tierney as New Bedford's new Authority Member.

(b) The completion of the *Nantucket* mid-life refurbishment.

(c) The completion of the Fairhaven Vessel Maintenance Facility's bulkhead improvements, and all of the dredging around the facility.

(d) The completion of Phase I of the Oak Bluffs terminal reconstruction project, starting Phase II of the project, and receiving $1,177,635 in federal grants for the project.

(e) Awarding a design and engineering contract for the Hyannis Terminal slip improvements project.

(f) Implementing a recycling program at the Authority's terminals and on the vessels.

(g) Making traffic circulation improvements at the Nantucket terminal.

(h) The installation of video displays at all of the Authority's terminals to provide information and service updates.

(i) Continuing to provide customer service training for the Authority's employees, including the Captains, Pilot/Mates, Purser/ABs and Boatswain/ABs.

(j) Selling the *Flying Cloud*.

(k) Negotiating a royalty sharing agreement with Elliott Bay Design Group that may result in the Authority receiving royalties when the Washington State Ferries signs a construction contract for a new ferry modeled after the *Island Home*.

(l) Successfully negotiating new collective bargaining agreements with MEBA (for the Authority's licensed engineers), the Teamsters (for the maintenance employees, agency and terminal employees, and security employees) and SEIU (for the reservation clerks).

(m) Successfully lobbying for the funding and installation of a new weather buoy in Nantucket Sound, which is scheduled to be installed in March 2009.

(n) Changing the Authority's eligibility requirements for automobile excursion fares so that people receiving such fares must be island residents and listed on an island town's street list.

(o) Eliminating cancellation penalties for unused high-speed passenger reservations.

(p) Creating a Senior Citizen 10-ride ticket book for the high-speed ferry, and selling many more regular 10-ride ticket books for the high-speed ferry (that never expire) than ever before.

(q) Establishing a "Steamship Authority Transportation Access Pass" in order to provide discounted rates for individuals with disabilities.

(r) Holding a marketing meeting to discuss many ways to improve customer service and marketing to increase ridership.

(s) Implementing a new SSA Gift Card program

Mr. Ranney also noted that discussion would continue into the new year regarding the feasibility of offering an Authority Affinity Card, and he expressed his hope that Mr. O'Brien will have an equally productive year as Chairman in 2009.

Minutes:

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Hanover -- to approve the minutes of the Members' meeting in public session on November 18, 2008, in the form corrected by the Members this day.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for November 2008, 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's net operating income for that month had been around $150,000 lower than projected, and that the Authority's year-to-date operating income through November 2008 was $4,500,000, around $2,500,000 lower than what had been projected. Messrs. Lamson and Davis also noted that, although the

Authority usually incurs a $2,000,000 operating loss during the month of December, this year the Authority could have as much as a $3,000,000 operating loss that month due to lower traffic levels, which will result in the Authority ending the year with net operating income of around $1,750,000. However, the Authority's 2008 net income may be a little more if it is able to recognize royalties this year earned under its royalty sharing agreement with Elliott Bay Design Group.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker reported that Phase 2 of the Oak Bluffs Terminal Reconstruction Project is proceeding very well, and is remaining both on schedule and on budget. Mr. Walker further reported that the contractor, RDA Construction Corp., is working a 10-hour day, six-day workweek and there are no change orders to date.

Renewal of License Agreement
with Freedom Cruise Line, Inc.:

Mr. Sayers then reported that management was recommending that the Members renew the Authority's license agreement with Freedom Cruise Line, Inc. ("Freedom") to operate a seasonal passenger-only ferry service between Harwichport and Nantucket with the vessel *Freedom*. Mr. Sayers stated that there would be no substantive changes in the new agreement from Freedom's prior 2007-2008 license agreement, which meant that the licensed capacity of the *Freedom* would remain at 80 passengers and that the license fee formula would remain the same. Mr. Sayers also noted that the new license agreement would expire at the end of the 2011 season.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Marshall -- to authorize the General Manager to execute a new three-year license agreement (*i.e.*, through the end of the 2011 calendar year) with Freedom Cruise Line, Inc. in the form attached to Staff Summary #L-375, dated December 11, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Renewal of License Agreement
with Cape and Islands Transport, Inc.:

Mr. Sayers then reported that management was recommending that the Members renew the Authority's license agreement with Cape and Islands Transport, Inc. ("CIT"), d/b/a Falmouth-Edgartown Ferry, to operate seasonal passenger-only ferry service between Falmouth and Edgartown with the vessel *Pied Piper*. Mr. Sayers stated that CIT's proposed new license agreement would provide for slight changes in the *Pied Piper's* sailing schedule, and an increase in its licensed capacity from 90 passengers to 100 passengers. Mr. Sayers also stated that, in return, CIT had agreed to a revised license fee formula that will result in more license fees being paid to the Authority for each passenger it carries in excess of 25,000 per year. Finally, Mr. Sayers stated that the proposed new agreement would similarly expire at the end of the 2011 season.

CIT's attorney, Robert Ament, acknowledged that CIT was no longer requesting that the licensed capacity of the *Pied Piper* be increased to 135 passengers, as such an increase would result in CIT being required to pay passenger embarkation fees. However, Mr. Ament noted that CIT already was paying the Town of Edgartown $12,000 a year for the privilege of using its municipal dock, which resulted in Edgartown receiving more money than what it would receive if CIT were subject to the passenger embarkation fee statute.

Mr. Ament also stated that CIT was asking for an increase in the *Pied Piper's* capacity because there had been occasions when potential customers had been turned away. In addition, Mr. Ament said, CIT was exploring joint marketing with Edgartown hotels and time shares that would allow people to go from Falmouth directly to Edgartown, and that in order to serve those groups the vessel would also have to have the additional capacity for its general ridership. Mr. Ament thanked the Port Council for their vote recommending that the Authority grant CIT its requested increase in capacity, and he noted that CIT had received letters of support from the Falmouth and Edgartown Harbor Masters, the Edgartown Selectmen and the Edgartown Board of Trade.

Mr. Marshall declared that he was very reluctant to give away even the potential of one more passenger ticket, but would nevertheless support CIT's request because the requested increase in capacity was marginal, CIT's service to Edgartown represented less direct competition with the Authority, and there was an opportunity to receive additional license fees if CIT carries more passengers. Mr. Hanover stated that the only reason he would support this request was the potential for additional license fees. In addition, Mr. Hanover said, he would not have supported an increase in capacity to 135 passengers, as he did not wish to give away any more of the Authority's core business.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Tierney -- to authorize the General Manager to execute a new license agreement with Cape and Islands Transport, Inc. with the changes described in Staff Summary #L-376, dated December 11, 2008, and as reflected in the form attached thereto.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
TOTAL	100 %	0 %

Renewal of License Agreement with Hyannis Harbor Tours, Inc.:

Mr. Sayers then reported that management was recommending that the Members renew the Authority's license agreement with Hyannis Harbor Tours, Inc. ("Hy-Line") to provide summer seasonal passenger service between Hyannis and Oak Bluffs with both its high-speed ferry, the *Lady Martha*, and its traditional vessel, the *Brant Point*, as well as passenger ferry service between Hyannis and Nantucket with its high-speed ferry, the *Grey Lady*, on a year-round basis and with its traditional vessel, the *Great Point*, on a summer seasonal basis. Mr. Sayers stated that the proposed new agreement contains minor changes in Hy-Line's Nantucket schedule, and significant reductions in the *Lady Martha's* Martha's Vineyard schedule, by two round trips per day from May 1 through June 12, one round trip per day from June 13 through July 3 and then again from Labor Day through September 12, and two round trips per day from September 13 through October 31.

Mr. Sayers noted that, unlike the other two license agreement renewals, management was recommending that the Authority renew Hy-Line's agreement for only one year so that management could continue to discuss with Hy-Line what changes should be made to the agreement's license fee formulas. In this regard, Mr. Sayers said, Hy-Line had requested modifications to the formulas that would significantly decrease the amount of license fees it pays to the Authority, and Mr. Sayers stated that the parties were attempting to reach a compromise that would protect the financial interests of both the Authority and Hy-Line, as each provides essential ferry service for the island of Nantucket.

Hy-Line's Vice President for Operations, R. Murray Scudder, thanked the Port Council for the extended time they took in discussing Hy-Line's request and for voting to recommend its approval. Mr. Scudder then declared that he looked forward to the further discussions with the Authority's management and was confident that an agreement could be reached that was to Hy-Line's benefit as well as to the benefit of the Authority and the islands of Nantucket and Martha's Vineyard. Finally, with respect to management's proposed revision to the agreement that would require Hy-Line to notify the Authority in the event of four consecutive cancelled trips, Mr. Scudder suggested that a protocol be developed in those circumstances in order for the notice to be effective.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to authorize the General Manager to execute a new license agreement with Hyannis Harbor Tours, Inc. in the form attached to Staff Summary #L-377, dated December 11, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Martha's Vineyard Regional High School District:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to authorize the General Manager to execute a new transportation agreement with the Martha's Vineyard Regional High School District for school-related approved transportation, for a fixed price of $60,000 for the period from July 1, 2009 through June 30, 2010, in the form attached to Staff Summary #GM-534, dated December 11, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Preferred Space Use on the Martha's Vineyard Route:

Mr. Lamson then reported that, in response to Mr. Hanover's request earlier in the year, management had reviewed the usage of preferred spaces on the Martha's Vineyard route during the previous summer and off-season schedules. Mr. Lamson stated that, as a result of that review, management was recommending that the Authority slightly reduce the number of preferred space reservations on that route, as follows:

(a) Mr. Lamson stated that the analysis showed that, on average during the summer months (July and August 2008), 45 of the 140 daily preferred spaces allocated on trips from Martha's Vineyard to Woods Hole had not been booked, and 46.5 of the 110 daily preferred spaces allocated on trips from Woods Hole to Martha's Vineyard had not been booked. Therefore, Mr. Lamson said, management was recommending that the Authority reduce the number of preferred spaces allocated on a daily basis in each direction by twenty (20) during the summer schedule.

(b) Similarly, Mr. Lamson stated that the analysis showed that, on average during the winter months (January and February 2008), 35 of the 80 daily preferred spaces allocated on trips from Martha's Vineyard to Woods Hole had not been booked, and 33 of the 72 daily preferred spaces allocated on trips from Woods Hole to Martha's Vineyard had not been booked. Accordingly, Mr. Lamson said, management was recommending that the Authority reduce the number of preferred spaces allocated on a daily basis in each direction be reduced by ten (10) during the off-season schedules.

Finally, Mr. Lamson noted that, at their meeting earlier this month, the Port Council had voted to support management's proposed changes in the preferred space allocations.

Mr. Hanover thanked Mr. Lamson for undertaking this review, expressing his hope that the proposed changes will reduce the number of times that customers are told there are no reservations available for the few last trips of the day, only to have those trips leave the dock only partially full with cars. Mr. Hanover then noted that the difficult economic times could result in even lower traffic figures in 2009 than in 2008, and he suggested that management explore other means to reduce service (such as double-crewing a boat instead of triple-crewing it) if the demand is not there.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to approve the reduction in the number of preferred spaces currently being allocated on the Martha's Vineyard route by twenty (20) spaces per day in the on-season and by ten (10) spaces per day in the off-season, as proposed by management in Staff Summary #GM-533, dated December 10, 2008.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Authorization to Sign Agreement with
the Massachusetts Highway Department:

Mr. Lamson then asked the Members to authorize Mr. Davis and him to sign all agreements and related documents with the Massachusetts Highway Department to obtain the $1,177,635 in funding the Authority previously has been awarded under the Ferry Boat Discretionary Program for the Oak Bluffs Terminal Reconstruction Project.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. O'Brien -- to authorize the General Manager and the Treasurer/Comptroller to sign an agreement with the Commonwealth of Massachusetts through its Highway Department, in substantially the form attached to Staff Summary #GM-535, dated December 15, 2008, and all other related documents, as recommended by management in that staff summary.

VOTING	**AYE**	**NAY**
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

Vessel Fuel Price Hedging:

Mr. Davis then asked that the Members approve a resolution that would allow Mr. Lamson and him to establish and maintain one or more accounts with Merrill Lynch and/or Prudential Bache Commodities for the purpose of dealing in and with any and all forms of commodities and commodities futures, including heating oil. Mr. Davis stated that the Authority's consultant, Hedge Solutions, had indicated that it was possible for the Authority at that time to buy strips of call options at a strike price that will ensure that the delivered price of the Authority's vessel fuel oil will be capped at a price not to exceed the Authority's budgeted price. Indeed, Mr. Davis said, it was even possible at that time to expand the Authority's hedge program to include the first half of 2010 at the same strike price.

Mr. Davis stated that, in order to implement this program, the Authority had to open a commodity exchange account with a broker such as Merrill Lynch or Prudential Bach Commodities, and that their account applications required the Authority to submit various documents, including a corporate resolution authorizing designated individuals to establish and maintain an account for the purpose of generally dealing in and with any and all forms of commodities and commodities future. In addition, Mr. Davis noted that because Hedge Solutions would be performing order executions on behalf of the Authority, at least initially, it will also be necessary to give a power of attorney to Richard Larkin of that firm for trading authorization.

While declaring that he supported management's proposed hedging program, Mr. Ranney expressed his concern over the broad language of the corporation resolutions, and suggested that they be limited to commodities and commodities futures related to the Authority's operation. Mr. Ranney also questioned whether the Authority should open an account with Merrill Lynch because of its financial situation, although he acknowledged that it had been recently purchased by Bank of America instead of going bankrupt. In any event, Mr. Ranney asked that he be added to list of individual who receive reports of the Authority's transactions.

Mr. Marshall then asked Mr. Davis whether the Authority would have any cash account exposure. In response, Mr. Davis noted that the Authority would probably be paying around $400,000 up front, and potentially another $170,000 if it expanded its hedging program through the first half of 2010. In addition, Mr. Davis stated that the Authority would be having quarterly meetings with Hedge Solutions, as well as monthly conference calls and multiple emails per day.

Mr. Hanover expressed his concern about the Authority buying all of its call options at one time, but he conceded that no one was able to time the market with any certainty. Mr. Tierney declared that he concurred with all of the other Members' comments and suggested that, instead of limiting the corporate resolutions to commodities related to the Authority's operation, they be limited to oil and other energy commodities.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to authorize the General Manager and Treasurer/Comptroller to establish and maintain account(s) subject to the resolutions attached as Attachments "E" and "F" to Staff Summary #A-505, dated December 11, 2008, and as recommended by management in that staff summary, for the purpose of purchasing, investing in, or otherwise acquiring, selling (including short sales), possessing, transferring, exchanging, pledging of or realizing upon and generally dealing in and with any and all forms of commodities and commodities futures, except that the commodities and commodities futures shall be limited to oil and other forms of energy commodities, and to authorize the General Manager to assign a Power of Attorney to Richard Larkin of Hedge Solutions to act on the Authority's behalf to conduct these transactions.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
TOTAL	100 %	0 %

Port Council's Report:

Mr. Huss reported that the Port Council, at their very lively meeting earlier that month, had reviewed the allocation of preferred spaces on the Martha's Vineyard route and agreed to the changes proposed by management. Importantly, Mr. Huss said, both Port Council members from Martha's Vineyard supported the changes, feeling that more spaces should be made available to the general public. Mr. Huss also reported that the Port Council had a very animated discussion regarding Hy-Line's request for a reduction in the amount of its license fees with respect to both routes, and he observed that the Members' action in deferring consideration of that aspect of Hy-Line's renewal request was probably the best approach, and would provide another opportunity for both the Port Council and the Members to discuss the subject further.

Steamship Authority Website:

Mr. Ranney noted that the Authority's latest operating schedules were still not posted on its website, and he asked whether someone could address this issue as soon as possible. In response, Ms. Claffey stated that the Authority could post the schedules in a "PDF" format in the same form they were provided to the Members, and then replace them with the final versions (which also contain important policy information) at a later date.

Proposed 2009 Authority Meeting Schedule:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to adopt the proposed 2009 Authority Meeting Schedule, as set forth in a memorandum to the Members, dated November 2008, except that the January 2009 meeting shall be held on January 14, 2009 instead of January 20, 2009, and with the understanding that the schedule is flexible and subject to change.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
TOTAL	100 %	0 %

Public Comment:

Mr. Lamson reported that management had attended a meeting with the Army Corps of Engineers, the Coast Guard, Morgan Douglas and Tisbury Harbor Master Jay Wilbur about the possible relocation of the mooring slip of the *Shenandoah* in Vineyard Haven harbor to provide safe navigational clearance for the Authority's ferries to maneuver in and out of the south slip of the Vineyard Haven terminal, but that no other solutions were offered to address the situation. Mr. Lamson stated that the Authority was now waiting to see what the Coast Guard's recommendation will be to the Army Corps of Engineers as to what should be done.

Ms. Claffey announced that the Authority was now selling Steamship Gift Cards at all of its ticket offices and reservation bureaus, as well as on its website. Ms. Claffey stated that the new gift cards can be purchased in any amount ($5.00 minimum), the individual who purchases them (or the person who receives them) can add more value to the cards in the future when they are almost used up, and they are valid forever.

Mr. Davis reported that, through November 30, 2008, the Authority had sold 3,326 10-ride ticket books for the high-speed ferry, a 25% increase in the number of books sold during the same time period in 2007. Mr. Davis stated that two-thirds of the books were sold electronically, that 152 of the books were for children, and that 132 of them were for senior citizens.

At approximately 11:48 a.m., 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. Tierney -- 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 %**	
Mr. Tierney	**10 %**	
TOTAL	**100 %**	**0 %**

A TRUE RECORD

MARC N. HANOVER, Secretary