MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

January 12, 2010

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 12th day of January, 2010, 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 Marc N. Hanover of Dukes County; Vice Chairman Robert S. Marshall of Falmouth; H. Flint Ranney of Nantucket; and Robert L. O'Brien of Barnstable. Secretary John A. Tierney of New Bedford was not present.

Port Council Vice Chairman Robert V. Huss of Oak Bluffs, Port Council Secretary George J. Balco of Tisbury, 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 Engineering and Maintenance Carl R. Walker; Director of Marketing Kimberlee McHugh; Director of Information Technologies Mary T.H. Claffey; Director of Terminal and Parking Operations Mark K. Rozum; Manager of Reservations and Community Relations Gina L. Barboza; Port Captain Charles G. Gifford; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Vessel Employee Ted Tucker:

The Members began the meeting by observing a moment of silence in memory of Ted Tucker, a well-respected vessel employee who had worked for the Authority for more than 36 years and who had passed away unexpectedly the previous week. Mr. Lamson recounted how Mr. Tucker had been a great person and a fine family man, and he said that everyone's thoughts and prayers were with Mr. Tucker's wife, Paula, their three children, and all of his friends and extended family. Mr. Lamson declared that Mr. Tucker will be sorely missed.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to approve the minutes of the Members' meeting in public session on December 15, 2009.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for November 2009, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that, during the month, the Authority carried fewer passengers (down 2.4%), more automobiles (up 1.2%), and fewer trucks (down 5.2%) than during the same month in 2008. Mr. Lamson also reported that the Authority's operating revenues for the month were almost $753,000 lower than what had been projected, and that the Authority's operating expenses for the month were also $122,000 higher than projected. Although Mr. Lamson noted that the cost of vessel fuel oil had been $311,000 lower than projected, the Authority's vessel maintenance expenses had been $326,000 higher than projected, primarily due to accelerating some vessel maintenance work (such as seat replacements and engine parts) that otherwise would have been incurred in 2010.

Mr. Lamson reported that the Authority's net operating loss for the month of November had been $2,600,000, around $875,000 higher than projected, but that the year-to-date operating income through November still had been $9,299,000, around $1,900,000 higher than projected.

Hyannis Terminal Slip Improvements Project:

Mr. Walker reported that the Hyannis Terminal Slip Improvements Project was proceeding very well and ahead of schedule. Indeed, Mr. Walker said, AGM Marine Contractors was confident that it will be finished with the entire project by April 14, 2010, instead of having to resume work in the fall. Mr. Walker noted that, although the completion of the project in one phase instead of two phases will not save the Authority any money, it will be a huge benefit to the Authority operationally.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker recounted how, when the contractor was driving the piles around the foundation of the Oak Bluffs terminal building, cracks had appeared in two walls of the building's foundation and, as a result, those walls had to be replaced. In this regard, Mr. Walker noted that, to his surprise, the foundation had not been reinforced with any rebar. However, Mr. Walker reported that Nauset Construction Corp., the contractor doing the terminal building work, had since finished the extra work required due to the cracking of the building's foundation (including building a new foundation), and was back performing actual contract work. But Mr. Walker also reported that due to the delays attributable to these events, Nauset was only guaranteeing that the new building will be finished by May 31, 2010, although management was continuing to discuss with Nauset how the project might be accelerated so that it will be done by the end of April 2010.

Meanwhile, Mr. Walker said, the pier work being performed by CRC Co. was proceeding very well and on schedule, and both the pier and the street work should be finished by the end of April 2010. Mr. Walker also estimated that the change orders attributable to the cracking of the building's foundation (including protecting the foundation, subsequently removing it, and pouring the new foundation) will be around $500,000.

Woods Hole Terminal Center Dolphin:

Mr. Walker reported that the Woods Hole terminal center monopile would be completed within the following week. Unfortunately, Mr. Walker said, it had been driven fourteen inches too deeply because the contractor had been given incorrect elevation information by the engineering firm. Mr. Walker stated that, in order to compensate for that error, the fenders on the monopile had been repositioned fourteen inches higher and an extension of the pile had been welded at its top.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Lamson requested authorization from the Members to proceed with an invitation for bids for the *Eagle* mid-life refurbishment project, which is scheduled to begin in late December 2010 with the vessel then being in a shipyard for three to four months. Mr. Lamson noted that the project's major items will include the complete renovation of the passenger area with new seating, food concession modifications, restroom upgrades, installation of a Marine Evacuation Slide system, the replacement of all exterior windows, complete sandblasting and recoating of all exterior surfaces, modifications of the main fuel tanks, replacement of the bow and stern doors, and installation of two vehicle lift decks. Mr. Lamson also noted that the current cost estimate for the entire project was $7,800,000.

With respect to the proposed lift decks, Mr. Lamson stated that one of them will be installed on the vessel's port side and take the place of the current passenger area on the mezzanine deck, and the other one will be located in the adjacent truck lane on the port side. Mr. Lamson observed that each lift deck will be capable of carrying six vehicles, and that they are currently estimated to cost around $1,750,000, although he noted that this amount may increase by as much as $400,000 as the Authority gets further along with the final design.

Mr. Lamson also advised the Members that, based upon the current cost estimate for the lift decks, the Authority would need to carry an additional 16,000 vehicles at current fares over the *Eagle's* remaining service life to recapture their cost. Therefore, Mr. Lamson said, it could be more than ten years before the lift decks are paid for from additional revenues, depending upon their utilization and the Authority's ability to continue to fill the resulting empty spaces on the vessel's freight deck.

In addition, Mr. Lamson noted that the lift decks probably would have to be procured in advance of awarding the refurbishment contract to a shipyard, due to the estimated lead time required for their design and construction. If so, Mr. Lamson said, this procurement would then be rolled into the shipyard contract and the successful bidder would take over responsibility for the lift decks once it is awarded the contract.

After noting that the Members had also been provided with a seating plan for the *Eagle's* main passenger cabin area showing a combination of mostly benches and a number of high-back seats similar to those on the *Island Home* and the *Nantucket*, Mr. Lamson stated that management was recommending that the Authority proceed with the *Eagle* Mid-Life Refurbishment Project as it was then being proposed, and would like to respond to any questions the Members may have about the scope of the work or management's breakeven analysis for the incremental cost of the lift decks.

In response to a question from Mr. Ranney, who observed that the *Eagle* currently had interior seating for 464 passengers and outside seating for 600, Mr. Walker stated that the amount of the new seating would be about the same and further noted that, in any event, the *Eagle's* certificate of inspection limited the number of passengers to 799, which would not change. Mr. Walker also stated that the project would result in the *Eagle* having more benches than it now has, but not more bench space because the new benches will be shorter, and that the design of the seating material is the same as that for the seats on the *Island Home* and the *Iyanough*. In response to additional questions from Mr. Ranney, Mr. Walker stated that there will be outlets all along both sides of the bulkhead everywhere there is a table, and that the lighting will be improved with a reflective lighting plan.

In response to further questions from the Members, Mr. Lamson stated that management's breakeven analysis for the cost of the lift decks did not include any projected savings that would accrue from being able to cancel trips, as management did not anticipate that they will result in any cancelled trips. Rather, Mr. Lamson said, the lift decks were expected to allow the Authority to meet increased demand as traffic grows in the future. Mr. Lamson also stated that the analysis was based upon what management felt was the most likely scenario, even though no one really knows what will happen. But Mr. Lamson observed that customers are reluctant to travel if they cannot get a reservation, and if they can't get a reservation they sometimes won't make a particular trip. Mr. Lamson stated that the lift decks will open up some more capacity and allow more customers the ability to get reservations, which is expected to result in more customers traveling.

Mr. Balco further noted that the Authority's use of the lift decks on the *Island Home* has resulted in getting customers home earlier, which he felt has been a definite service improvement on the Martha's Vineyard route. Mr. Huss agreed, observing that when trips are cancelled due to weather, the use of the lift decks when the Authority resumes service has helped reduce the standby line much more quickly. But Mr. Huss acknowledged that it would be difficult to place a monetary value on that improvement in customer service.

Mr. Jones then recounted how, at their last meeting, the Port Council had reviewed management's breakeven analysis and had concluded that the lift decks would pay for themselves at some time in the future, although they could not determine exactly when. Mr. Jones also reported that the Port Council felt that the lift decks would also improve customer service by allowing the Authority to accommodate more cars.

In response to further questions from the Members, Mr. Walker stated that the lift decks presented no draft restrictions for the vessel, observing that the weight of the additional cars on the lift decks would be offset by the smaller number of trucks loaded onto the freight deck. Mr. Walker also stated that the lift decks for the *Eagle* had been designed for larger mid-size vehicles that often travel on the Nantucket route, such as the Ford Explorer, and that the safety factor for the cables is 11 to 1.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to authorize the General Manager to proceed with an invitation for bids for the M/V Eagle Refurbishment Project, as recommended by management in Staff Summary #E 2010-1, dated January 7, 2010.

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

After the Members' vote, Brian Braginton-Smith, the Town of Yarmouth's representative to the Authority, stated that he also agreed with management's recommendation. However, observing that the *Eagle* is a fabulous vessel that will be in service for quite some time, Mr. Braginton-Smith asked whether it would also be possible to include scientific oceanographic equipment on the vessel for real time water quality monitoring. In response, Mr. Walker noted that several years ago the Authority had installed similar equipment on the *Katama* and the *Eagle* at the request of the Woods Hole Oceanographic Institution, which had received a grant for that purpose, but he said that the equipment since had been removed. Accordingly, Mr. Braginton-Smith stated that at some point the Lewis Bay Research Center, of which he is Executive Director, may make a similar request, and that he truly values the activity the Authority provides and the important role it plays.

Summary of Standard and Discounted Fares:

Mr. Davis reviewed with the Members the summary he had prepared, based upon the Authority's 2008 traffic data, of how many passengers, automobiles and trucks travel on standard and discounted fares. Mr. Davis noted that, on the Martha's Vineyard route, 25% of the Authority's passengers travel at discounted fares (with the most discount attributable to passengers using 46-ride commuter books); 42% of automobiles travel at discounted fares (almost entirely the excursion rates), and 22% of trucks travel at discounted fares (again, principally the excursion rates). Mr. Davis also noted that, on the Nantucket route, 15% of the Authority's passengers travel at discounted fares (with the 10-ride high-speed ticket book being the most popular discounted fare), 37% of automobiles travel at discounted fares (almost entirely the excursion rates), and 22% of trucks travel at discounted fares (again, principally the excursion rates). All together, Mr. Davis said, the discounts provided to the Authority's passengers, automobiles and trucks on both routes represent around 13% of what the Authority's revenues would have been without any reduced fares, assuming that all of the customers who traveled with the Authority at discounted fares still would have traveled with the Authority if they had been charged the standard fares.

Mr. Davis stated that management was not requesting any action with respect to this summary. However, Mr. Davis said, it was enlightening to learn how much certain discounted fares were (or were not) being used. As an example, Mr. Davis noted that the clergy rate was being used only minimally, because other fares offer greater savings to the Authority's customers. On the other hand, Mr. Davis observed that ambulance rates are used quite frequently and this information has prompted management to review the appropriateness of that rate when rate increases become necessary in the future, especially since ambulances also receive priority boarding and sometimes result in the Authority having to refund customers who are "bumped" by those ambulances on their reserved trips.

Treasurer's Report:

Mr. Davis then reported that the Authority's passenger traffic in 2009 was essentially the same as in 2008; that automobile traffic had increased by 1%; but that truck traffic had fallen off by almost 7% (with truck traffic on the Nantucket route falling off by more than 14%). However, Mr. Davis noted that 2008 had been a leap year with one more day than 2009.

Procurement:

Mr. Lamson then requested authorization from the Members to award Contract #01-10, "Vineyard Haven Terminal Dolphin Replacement," to the lowest eligible and responsible bidder for the contract when bids are opened later that day. Mr. Lamson stated that the contract was for the replacement of berthing dolphin #3, which was damaged last month as a result of a hard landing during bad weather and requires complete replacement.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract #01-10, "Vineyard Haven Terminal Dolphin Replacement," to the lowest responsible and eligible bidder for the contract when bids therefor are opened later this day, as recommended by management in Staff Summary #E2010-2, dated January 7, 2010.

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

Port Council's Report:

Mr. Huss reported that, at their last meeting, the Port Council had received an update from Mr. Walker regarding the Authority's capital projects, including the *Eagle* Mid-Life Refurbishment Project. In this regard, Mr. Huss recounted how the Port Council had discussed at length the payback analysis for the *Eagle's* proposed lift decks and had concluded that the lift decks would be worth the cost over the long run.

Mr. Huss also reported that the Port Council had reviewed Mr. Davis' summary of standard and discounted fares, and that they would be discussed further at a later meeting. Finally, Mr. Huss reported that the Port Council had also agreed with management's recommendation to charge all trucks carrying solid waste and recyclable materials the full fare on the return segments of their trips off-island, although he noted that the Port Council had asked management to delay the implementation of the change in policy so that island town administrators could be given adequate advance notice.

The Authority's Policies Regarding Trucks
Carrying Solid Waste and Recyclable Materials:

Mr. Lamson then requested that the Members approve a change to the Authority's policies regarding trucks carrying solid waste and recyclable materials, so that, effective July 1, 2010, all trucks carrying solid waste or recyclable materials off-island at the discounted rate will be charged the full rate on the return segments of their trips, even if they are returning empty. Mr. Lamson observed that the Authority already has plenty of empty trucks leaving the islands every day and returning with freight, so this change in policy was consistent with the Authority's goal of encouraging trucks to consolidate their trips whenever possible to make the most efficient use of the available space. Mr. Lamson also noted that, in response to a request made by the Port Council, management was proposing to delay the implementation of this change in policy until July 1, 2010 so that the Authority can notify the island town administrators before it goes into effect to allow them time to plan for the potential cost increase or make other arrangements to avoid the additional cost.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to change the Authority's policies regarding trucks carrying solid waste and recyclable materials so that, effective July 1, 2010, all trucks carrying solid waste or recyclable materials off-island at the discounted rate will be charged the full rate on the return segments of their trips, even if they are returning empty.

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

Performance Evaluation of the General Manager:

Mr. Lamson noted that he had prepared for the Members' consideration a chart reviewing the goals that the Members had established for him in 2008, together with the results that had been achieved with respect to each goal as of June 30, 2009, and a list of new goals that he was proposing be established for the year commencing July 1, 2009 through June 30, 2010. The Members then discussed with Mr. Sayers how they should conduct Mr. Lamson's performance evaluation so that they fully comply with the open meeting law. Ultimately, at Mr. Hanover's suggestion, the Members deferred the subject, and they asked Mr. Sayers to provide them with a written recommendation before their next meeting as to how they should proceed.

Broker Commission Agreement with Hartel Realty:

Mr. Lamson requested that the Members approve an amendment to the Authority's agreement for the payment of broker commissions to Hartel Realty in connection with the purchase of four parcels of property located off of Thomas B. Landers Road in Falmouth from The Four Stones LLC and Acme Precast Co., Inc. Mr. Lamson stated that the only proposed change to the agreement was the timing of the commission payments to Hartel Realty, but that the total amount of the commissions paid to Hartel Realty would remain the same at $203,352, or 2.5% of the total purchase price for the properties. Under the current agreement, Mr. Lamson said, certain commission payments are due upon closing of certain parcels, while other commission payments are due when the Authority receives specified approvals during the MEPA process. Under the proposed amended agreement, Mr. Lamson said, all remaining payments would instead be due upon each closing in the amount of 2.5% of the purchase price of the parcel then being conveyed.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to authorize the General Manager to execute an Amended Commission Agreement with Hartel Realty revising the schedule of commissions payments under that agreement so that each remaining payment coincides with the closing of each property to be conveyed thereunder.

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

Marketing Suggestions:

In response to a question from Mr. Ranney, Mr. Huss stated that the Port Council had not had the appropriate amount of time at their last meeting to discuss any of Nantucket Port Council member Nathaniel Lowell's marketing suggestions. Mr. Ranney then noted that management had recommended that some of Mr. Lowell's suggestions be indefinitely postponed, which he did not find acceptable. However, Mr. Huss stated that the Port Council would discuss them at their next meeting.

At approximately 11:02 a.m., Mr. Hanover 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. Ranney -- 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, the deployment of security personnel and devices, contract negotiations with nonunion personnel, and the investigation of charges of criminal misconduct and the filing of criminal complaints.

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

A TRUE RECORD

JOHN A. TIERNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

March 16, 2010

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 16th day of March, 2010, beginning at 9:37 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 Marc N. Hanover of Dukes County; Secretary John A. Tierney of New Bedford; H. Flint Ranney of Nantucket; and Robert L. O'Brien of Barnstable. Vice Chairman Robert S. Marshall of Falmouth was not present.

Port Council Chairman S. Eric Asendorf of Falmouth, Port Council Vice 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 Engineering and Maintenance Carl R. Walker; Director of Marketing Kimberlee McHugh; Director of Information Technologies Mary T.H. Claffey; Director of Terminal and Parking Operations Mark K. Rozum; Manager of Reservations and Community Relations Gina L. Barboza; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on January 12, 2010.

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

Mr. Tierney abstained from voting on the minutes of the January 12, 2010 meeting.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for January 2010, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that, during the month, the Authority carried more passengers (up 5.5%), more automobiles (up 6.4%), and fewer trucks (down 3.2%) than during the same month in 2009. Mr. Lamson also reported that the Authority's operating revenues for the month were $47,000 lower than what had been projected, and that the Authority's operating expenses for the month were also $347,000 lower than projected. Finally, Mr. Lamson reported that the Authority's net operating loss for the month of January 2010 had been slightly more than $2,400,000, which was around $300,000 lower than projected.

Hyannis Terminal Slip Improvements Project:

Mr. Walker reported that the Hyannis Terminal Slip Improvements Project was proceeding very well but that it will be very tight to get the project completed by April 14, 2010. Mr. Walker stated that all of the dolphins and bollards will be poured that week, and the fenders will be finished by the end of the following week. In addition, Mr. Walker said, the transfer bridge is scheduled to be delivered on April 1st and the float for the high-speed ferry is scheduled to be delivered on March 25th. Mr. Walker reported that both Slip 2 and the fast ferry slip will be operational by April 14th, but that the electrical work may not be finished by that date, which will mean that there may a delay before there is power for the winches. Mr. Walker also reported that the Authority had agreed with the Town of Barnstable to make the Authority's sidewalk down Pleasant Street out of brick-colored concrete in order to match the color of the Town's Walkway to the Sea.

Sewage Pump-Out Facilities:

During his report on the Hyannis Terminal Slip Improvements Project, Mr. Walker also reported on the Authority's plans to construct fresh water sewage pump-out facilities at the Woods Hole, Vineyard Haven, Hyannis and Nantucket terminals. Mr. Walker stated that the Authority's goal is to design all of the necessary tanks, piping, electrical and other infrastructure for all four terminals so that the Authority can apply for funding to construct the facilities. Once the facilities are constructed, Mr. Walker said, each vessel will be able to pump out its septage at the end of the operating day when it ties up to berth overnight; or, if necessary, each vessel will also be able to pump out up to 1,200 gallons of septage in 10 to 15 minutes between trips. (The *Iyanough* will have to pump out its septage several times a day so that it can maintain its operating speed.) Mr. Walker reported that, at this time, management's rough estimate was that each facility will cost around $500,000 (although the cost in Hyannis will be less because the Authority is installing the tanks, piping and some other infrastructure as part of the current Hyannis Slip Improvements Project). Mr. Walker stated that it will also cost around $1,250,000 to make all of the Authority's vessels (not including the *Iyanough*) compatible with these new facilities.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker then reported that the pier work being performed by CRC Co. as part of the Oak Bluffs Terminal Reconstruction Project was proceeding very well and that everything was on schedule to finish the walkway and site work by April 30th. Mr. Walker also reported that the terminal building contract was progressing well and that the official schedule now has the occupancy permit being issued on May 20th after a week to correct punch list items. However, Mr. Walker said, management was still hoping that an occupancy permit will be issued by May 13th and was trying to move that date even earlier to May 1st.

Vineyard Haven Terminal Sightseeing Bus Stands:

Mr. Lamson requested that the Members approve management's recommendation to award a contract for one sightseeing bus stand at the Vineyard Haven terminal to the highest eligible and responsible bidder for the contract, Island Transport, Inc. (also known as Martha's Vineyard Sightseeing Bus Lines, Inc.) of Oak Bluffs, Massachusetts. (Mr. Lamson noted that, although bid packages had been sent to four tour bus companies, Island Transport was the only company that submitted a bid.) Under the contract, Mr. Lamson said, Island Transport will be able to use one bus stand at the Vineyard Haven terminal from April 1st through October 31st for each of the next three years, and the Authority will receive a 20% commission on all tour bus tickets it sells for Island Transport, with a guaranteed minimum compensation of $5,000 per year. Mr. Lamson also noted that the Authority will sell tickets and place advertising signs and brochures for the tours at the Oak Bluffs, Vineyard Haven and Woods Hole terminals, as well as at automated ticket kiosks at the Palmer Avenue parking lot.

In response to a question from Mr. Hanover, Mr. Lamson confirmed that the Authority was not providing Island Transport with an exclusive contract for use of both bus stands at the Vineyard Haven terminal, and that the Authority can license another company in the future to use the other bus stand during the term of Island Transport's contract.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to authorize the General Manager to award Contract No. 04-10, "Sightseeing Bus Stands at the Vineyard Haven Terminal," to the highest eligible and responsible bidder for the contract, Island Transport, Inc. of Oak Bluffs, Massachusetts, as recommended by management in Staff Summary #TPF 2010-1, dated March 10, 2010.

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

Child Fare on the High-Speed Ferry:

Mr. Lamson then requested that the Members approve management's recommendation to reduce the Authority's child fare on the high-speed passenger ferry from $24 to $16 each way so that it is one-half of the $32 adult fare. (Children who are 5 to 12 years old are eligible for this fare. Anyone 13 years of age or older are charged the adult fare, while children under the age of 5 travel free.) Mr. Lamson noted that this adjustment in the child fare for the high-speed passenger ferry will make this fare consistent with the Authority's child fares for all of its other vessels, where they are all 1/2 of the adult fare. Mr. Lamson also asked the Members to approve management's corresponding recommendation to reduce the price of the Authority's 10-ride passenger ticket books for children from $170 to $160 (which is ten times the $16 child fare).

In response to a question from Mr. Tierney, Mr. Lamson stated that, even though the 10-ride passenger books for children will be priced at exactly ten times the price of a one-way child ticket, there will still be an incentive for customers to purchase the books because children who use them will not be required to pay the additional $0.50 passenger embarkation fee for each one-way trip.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to approve the proposed changes in the child fare and price of a 10-ride passenger ticket book for children on the Authority's high-speed ferry effective April 1, 2010, as recommended by management in Staff Summary #GM-553, dated March 11, 2010.

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

Nantucket Marketing Proposals:

Mr. Lamson then asked the Members for approval of three marketing initiatives for the Nantucket route on a trial basis in an attempt to attract more customers and, as a result, more revenue:

(a) Nantucket Super Saver Auto Rate – Mr. Lamson stated that management was proposing to designate ten spaces on certain trips where the vehicle deck is consistently underutilized that will be able to be booked at the "Nantucket Super Saver Auto Rate." Except for certain blackout periods during vacation, holiday and other high-traffic periods, Mr. Lamson said, the underutilized trips generally consist of the last trip in each direction on Saturdays during the off-season and the last trip in each direction on Mondays, Tuesdays and Wednesdays during the summer. Mr. Lamson stated that management was proposing that the one-way auto fare be $99 during the summer and $69 during the off-season, and that the fare be limited to passenger vehicles and small trucks less than 20 feet in length (with rental cars not being eligible for this Super Saver fare).

(b) 1-to-3 Day High/Slow-Speed Passenger Combo Ticket – Mr. Lamson stated that management was proposing that, during the *Iyanough's* operating season, the Authority offer a combination round-trip tickets for passenger trips originating from Nantucket that will allow them to travel in one direction on the Authority's high-speed ferry and in the other direction on one of the Authority's traditional ferries, provided that they complete their round trip within three calendar days. (For example, on this combo ticket they can leave Nantucket on the *Iyanough* and return on the *Eagle* or they can leave Nantucket on the *Eagle* and return on the *Iyanough*.) Mr. Lamson stated that management was proposing that the discounted round-trip fare be $34 for adults, $25 for eligible senior citizens and $17 for children. (Town-imposed $1 round-trip embarkation fees will also need to be collected in addition to those fares.)

(c) Upgraded Fast Ferry Excursion Passenger Tickets – Mr. Lamson noted that, during the *Iyanough's* operating season, the Authority already allows Nantucket residents who take their vehicles off-island on excursion fares to travel on the *Iyanough* instead of accompanying their vehicles on the car ferry. Mr. Lamson observed that all they have to do is pay the difference between the passenger fare for the Authority's traditional ferries and the *Iyanough's* passenger fare, and the only restriction is that they must travel on the *Iyanough* within seven days before or after the day that their vehicle travels on the car ferry.

Mr. Lamson stated that management was proposing that the Authority also allow Nantucket excursion customers to upgrade their passenger ticket to the fast ferry during the winter season when the *Iyanough* is not in service. However, Mr. Lamson said, because the *Iyanough* will not be in service at the time they upgrade their excursion passenger tickets, management was proposing that these customers be allowed to use their upgraded tickets anytime during the *Iyanough's* subsequent operating season.

In response to a question from Mr. Ranney, Mr. Lamson stated that management intended to promote all three of these marketing initiatives, as well as the Authority's other marketing initiatives this year, on its website and through newspaper advertisements, local television stations, email alerts, and "crawls" on the bottom of the video monitors at the terminals. Mr. Lamson also stated that management would be taking a number of steps to measure the effectiveness of these marketing initiatives as the season progresses.

Mr. Ranney noted that Nantucket had come up with these marketing initiatives in the spirit of the Authority's Enabling Act, which requires that the Authority operate for the benefit of the islands. Mr. Ranney also noted that, while Mr. Lamson's proposals did not entirely reflect what Nantucket originally had asked for, they were pretty close and he appreciated management's efforts. Mr. Ranney declared that Nantucket residents thought that these proposals are great ideas, and that he thought they would also improve ridership. If it turns out that they don't, however, Mr. Ranney stated that the Authority would not have to stick with them. Mr. Hanover declared that he too will be interested to see how these proposals work out, observing that they may be a prelude to peak pricing on both routes as an alternative to raising rates.

In response to questions from Mr. Ranney, Mr. Lamson discussed how the Authority would be flexible in implementing the Nantucket Super Saver Auto Rate marketing initiative. For example, Mr. Lamson said, if a Super Saver customer leaves his or her car at the Nantucket terminal to be loaded onto a Saturday night trip off-island, but it turns out that there is space available on an earlier trip that day with no other revenue-producing vehicles to fill it, the Authority would carry that customer's vehicle on the earlier trip at no additional charge. However, Mr. Lamson noted that if there were standby customers waiting to travel on that earlier trip, those standby customers would have priority over the Super Saver customer, even if they arrived after the Super Saver customer dropped off his or her car. A Super Saver customer would be able to maintain his or her place in the standby line and travel earlier ahead of other standby customers only if he or she paid the difference in fare between the Super Saver fare and the otherwise applicable fare.

In response to a question from Mr. O'Brien, Mr. Lamson stated that management was proposing that Nantucket excursion customers who buy upgraded fast ferry passenger tickets during the winter season be allowed to use their upgraded tickets during the *Iyanough's* subsequent operating season in order to provide them with an incentive to ride with the Authority at a later date. Mr. Lamson noted that the same consideration does not apply when the upgraded tickets are bought when the *Iyanough* is in service, as the customers should then use the tickets around the same time as their vehicles are being transported. In response to a question from Mr. Ranney, Mr. Lamson stated that the Authority should be in a position to sell the upgraded excursion tickets by April 1, 2010, and that all of the ticket sellers on the Nantucket route would be informed of this marketing initiative so that they in turn can inform excursion customers when they drop off their vehicles for drive-on/ drive-off services.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to approve management's proposed marketing initiatives for the Nantucket route on a trial basis, as set forth in Staff Summary #GM-554, dated March 11, 2010.

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

Parking Rate Changes:

Mr. Lamson asked the Members to approve management's recommendation not to increase any of the daily parking rates in Woods Hole or Falmouth this year or the prices for any of the Authority's parking permits (for either Woods Hole/Falmouth or Hyannis). However, Mr. Lamson said, management was recommending the following changes in the Authority's daily parking rates at the Hyannis terminal:

(a) increasing the daily parking rate at the Hyannis terminal during the summer season (May 15th through September 15th) from $12 to $15, the same rate that is charged during that time period at the

Authority's Lewis Bay Road and Yarmouth Road off-site parking lots; and

(b) commencing the $5 winter daily parking rate for all of the Authority's Hyannis parking lots on December 15, 2010 instead of January 1, 2011.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve management's proposed changes in the Authority's parking rates for the period May 15, 2010 through May 14, 2011, as set forth in Staff Summary #GM-552, dated March 11, 2010.

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

Treasurer's Report:

Mr. Davis then reported that, although the Authority's auditors were still reviewing activity for 2009, the Authority's net operating income for they year was expected to be around $3,650,000, approximately $2,300,000 higher than its 2008 net operating income, although around $500,000 lower than what had been projected in the 2009 Operating Budget. Specifically, Mr. Davis reported that operating revenues had totaled $79,800,000 in 2009, around $1,500,000 lower than 2008:

(a) Passenger revenue had increased by $400,000 (due to rate increases which went into effect in May 2008, as well as a 0.2% increase in passenger carried on the Martha's Vineyard route, despite a 0.8% decrease in passengers carried on the Nantucket route);

(b) Automobile revenue had increased by $500,000 (again due to rate increases which went into effect in May 2008, as well as a 1.6%

increase in automobiles carried on the Martha's Vineyard route, despite a 2.0% decrease on the Nantucket route);

(c) Freight revenue had decreased by $2,000,000 (due to a 3.4% decrease in freight traffic on the Martha's Vineyard route and a 6.8% decrease on the Nantucket route); and

(d) Parking revenue had increased by $75,000.

Mr. Davis also reported that the Authority's operating expenses had been $74,800,000 in 2009, which represented a $4,300,000 decrease from 2008:

(a) Maintenance expenses had increased by $300,000 (including a $495,000 increase in dry-dock expense, a $1,200,000 increase in engine parts and repairs, and a $650,000 increase in miscellaneous vessel repairs, reflecting a number projects that had been accelerated into 2009, offset by a $1,700,000 decrease in dolphin and dock work);

(b) Depreciation expense had increased by $727,000, reflecting a full year's depreciation of the *Nantucket* refurbishment costs, as well as the Fairhaven pier and dredge projects, and the addition of Phase 2 of the Oak Bluffs Terminal Reconstruction Project;

(c) Vessel operating expenses had decreased by $4,000,000, due to lower payroll (down $60,000) and fuel oil expense (down $3,765,000);

(d) Terminal and parking operations expenses had decreased by $200,000 due to lower utilities and fuel costs;

(e) Reservations and customer service expenses had decreased by $350,000 due to lower payroll, advertising and traffic expenses; and

(f) Other general expenses had decreased by $600,000 due to decreased legal expenses, pension obligations, and health care, supplies and telephone costs.

Mr. Davis further reported that the Authority's $3,650,000 net operating income for 2009 also included interest income that had been $255,000 lower than in 2008, miscellaneous income that had been $222,000 higher than in 2008 (due to the royalties received from the design of the *Island Home*), and license income that had been around $348,000 lower than in 2008. However, Mr. Davis noted that the Authority's net operating income did not include around $4,900,000 of capital grants the Authority had received that year, which had increased the Authority's change in net assets to $8,545,000.

Later in the meeting, Mr. Hanover commended Mr. Lamson and management for the 2009 calendar year's financial results, noting that the Authority had not raised rates and that the facilities have never been in better shape. Mr. Hanover also said that he hoped the Authority has an equally successful year in 2010.

Transfer of Bond Redemption Funds to the Replacement Fund:

Mr. Davis then requested authorization from the Members to transfer $2,350,000 from the Authority's Bond Redemption Account to the Authority's Replacement Fund Account, noting that the Authority needed the requested amount to fund capital projects that had been approved the previous year.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to authorize the Treasurer/Comptroller to transfer $2,350,000 from the Bond Redemption Account to the Replacement Fund, as requested in Staff Summary #A-517, dated March 9, 2010.

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

Procurement:

Mr. Lamson then requested authorization from the Members to award contract for the construction of a new passenger waiting shelter at the Hyannis Terminal to the lowest eligible and responsible bidder for the contract when bids are opened next month so that the shelter hopefully can be completed by the Memorial Day weekend. Mr. Lamson advised the Members that the shelter will be 20 feet wide and 84 feet wide, and that it was estimated to cost around $304,000.

In response to questions from Mr. Ranney, Mr. Walker stated that the shelter would be able to accommodate 350 people, and that although the Authority would not be able to close the shelter right now to protect the people from the elements in bad weather, it can install canvas awnings to be used for that purpose.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to authorize the General Manager to award Contract #06-10, "New Gazebo – Hyannis Terminal," to the lowest responsible and eligible bidder for the contract when bids therefor are opened next month, as recommended by management in Staff Summary #E2010-3, dated March 11, 2010.

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

Port Council's Report:

Mr. Asendorf reported that, at their last meeting, the Port Council had discussed the creative efforts behind the Nantucket route marketing initiatives that the Members had approved earlier that day. In this regard, Mr. Asendorf noted that all of the initiatives were pilot programs and that both the Members and the Port Council would be evaluating their success over the next several months. Mr. Asendorf further reported that the Port Council had also finished their discussion on whether the Authority should make its 10-ride passenger ticket book coupons detachable so that customers would no longer have to present the entire book at the time of travel, with the Port Council deciding not to recommend any changes to the current policy at this time.

Performance Evaluation of the General Manager:

Mr. Sayers then reviewed the suggestions he had made in his March 10, 2010 memorandum regarding how the Members might want to conduct the General Manager's performance evaluation.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to conduct the General Manager's performance evaluation in June 2010 based upon the two-year period from July 1, 2008 through June 30, 2010.

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

The Members also agreed that the performance evaluation would be based on the goals that had been established for the General Manager in August 2008, as revised and expanded according to the suggestions made by Mr. Lamson on January 4, 2010. In response to a question from the Members, Mr. Lamson stated that management was in the process of strengthening the Authority's internal controls, but that he did not expect to be completed by June 2010, although the risk assessment should be finished by that date.

Email Alerts:

Mr. Ranney noted that when a vessel trip is cancelled, the Authority is supposed to send out an email to customers alerting them of the cancellation, but that the previous day no email had been sent regarding a cancellation of one of the *Eagle's* trips until hours after the fact even though the Authority's website had been updated in the late afternoon showing the cancellation. In response, Mr. Lamson stated that management was already investigating why the email alert was not sent as it should have been, and noted that similar email alerts had gone out on a timely basis over the prior weekend.

Mr. Ranney also asked Mr. Lamson if the email alerts and website could advise customers of the physical location of a vessel whose trips are cancelled, so that the public knows whether it is tied up in Hyannis or Nantucket.

Marketing Initiatives:

Mr. Asendorf cautioned that, while the Authority had approved several new marketing initiatives, none of them would work unless the Authority also makes an effort to disseminate that information to the public. Mr. Lamson agreed, and stated that he had established a working group that is meeting every week to advance a communications plan so that the Authority's marketing initiatives are not also the Authority's best kept secrets. In response to a question from Mr. Ranney, Mr. Lamson confirmed that part of the communications plan is to make certain that the Authority's ticket sellers are aware of the marketing initiatives so that they can tell their customers about them.

New Ferry Service between Falmouth and Vineyard Haven:

Mr. Lamson announced that the Tisbury Selectmen had approved a new summer seasonal ferry service between Vineyard Haven Harbor and Falmouth Inner Harbor, and that it appeared the new service will be provided by a vessel whose Coast Guard certified passenger capacity for service between the Massachusetts mainland and the islands will not exceed 40 passengers. As a result, Mr. Lamson said, it also appeared that the Authority does not have any licensing jurisdiction over this new service. Mr. Lamson stated that he was mentioning this because, based upon the new ferry service's proposed sailing schedules, the Authority's vessels will be arriving or departing in Vineyard Haven harbor at the same time as this new ferry, which may result in sailing conflicts that we will have to work out over the months ahead.

At approximately 11:20 a.m., Mr. Hanover 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. Tierney's motion, seconded by Mr. Ranney -- 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, the deployment of security personnel and devices, contract negotiations with nonunion personnel, and the investigation of charges of criminal misconduct and the filing of criminal complaints.

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

A TRUE RECORD

JOHN A. TIERNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

April 20, 2010

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 20th day of April, 2010, 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 Marc N. Hanover of Dukes County; Vice Chairman Robert S. Marshall of Falmouth; Secretary John A. Tierney of New Bedford; H. Flint Ranney of Nantucket; and Robert L. O'Brien of Barnstable.

Port Council Vice Chairman Robert V. Huss of Oak Bluffs, and Port Council members Robert R. Jones of Barnstable, Frank J. Rezendes of Fairhaven and Jessica Fernandes of New Bedford (who arrived during the discussion of procurement matters) were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/ Comptroller Robert B. Davis; Port Captain Charles G. Gifford; Director of Engineering and Maintenance Carl R. Walker; Director of Information Technologies Mary T.H. Claffey; Manager of Reservations and Community Relations Gina L. Barboza; Director of Human Resources Phillip J. Parent; Director of Marketing Kimberlee McHugh; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the minutes of the Members' meeting in public session on March 16, 2010.

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

Mr. Marshall abstained from voting on the minutes of the Members' meeting in public session on March 16, 2010.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for February 2010, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that, during the month, the Authority carried fewer passengers (down 1.0%), more automobiles (up 0.2%), and fewer trucks (down 4.7%) than during the same month in 2009. Mr. Lamson also reported that the Authority's operating revenues for the month were $156,000 lower than what had been projected, and that the Authority's operating expenses for the month were $389,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the month of February 2010 had been around $2,671,000, approximately $545,000 higher than projected. Mr. Lamson further reported that the Authority's net operating loss for the first two months of 2010 had been around $5,106,000, approximately $245,000 higher than expected. But Mr. Lamson assured the Members that the Authority remained on track to meet all of its budgeted special fund transfers.

In response to a question from Mr. Hanover, Mr. Davis stated that the Authority's maintenance expenses for the first two months of 2010 were higher than budgeted due to timing differences for the purchase of replacement engine controls for the *Governor*, and the purchase of engine parts for the *Sankaty* that had not been budgeted. Mr. Walker also reported that the *Governor* was 100% ready for service later this year, and that its new controls already had been tested by the United States Coast Guard.

Hyannis Terminal Slip Improvements Project:

Mr. Walker then reported that the Hyannis Terminal Slip Improvements Project was continuing to proceed very well. However, Mr. Walker also reported that because the new sewage pump-out facilities need an increased electrical feed, the electrical work to Slip 2 and the high-speed ferry berth will not be finished until mid-May 2010. As a result, Mr. Walker said, management decided not to accelerate the remaining work to have it finished by April 14, 2010. Instead, the contractor was now completing the landscaping, and the paving would take place the following week. In addition, Mr. Walker reported that some of the rip rap next to the high-speed ferry berth needs to be removed, and that the removal will be completed by the end of this week so that the Authority can then begin docking the *Iyanough* there. Mr. Walker stated that NSTAR also should be finalizing its work this week, which will then allow the contractor to pave the sidewalks.

Mr. Walker further reported that, after Daffodil Weekend the Authority will be raising the foot of Slip 1's transfer bridge approximately 12 inches to reduce the slope of that bridge at high tides, and that work was immediately starting to construct a passenger waiting shelter next to the high-speed ferry berth. Mr. Walker stated that management was very comfortable with the contractor for that work, as it previously had performed a roofing contract for the Vineyard Haven terminal, and that the structure would be finished by the Memorial Day Weekend.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker then reported that the Oak Bluffs terminal contract was also going very well, and that the Authority was now only a few weeks behind schedule despite the months lost due to the failure of the building's foundation the previous fall. At this point, Mr. Walker said, the Authority should have an occupancy permit for the building by the end of the first week in May, well ahead of the terminal's scheduled opening for the summer season on May 20, 2010. Mr. Walker also reported that, externally, the building was 95% complete, and that both the HVAC system and the plumbing work were finished. In addition, Mr. Walker stated that the site work was progressing well, that the old asphalt in front of the building had been stripped, and that new paving should be finished by the end of this week.

State Conflict of Interest Law:

Mr. Lamson advised the Members of the steps management recently had taken to comply with new requirements under the Massachusetts Conflict of Interest Law. Specifically, Mr. Lamson said, each of the Authority's employees had been given a summary of the law and most already had completed on online training program on the State Ethics Commission's website. Hereafter, Mr. Lamson noted that the Authority is required to provide all of its employees with a summary of the law on an annual basis, and that the employees are required to complete the training program every two years. Mr. Lamson also observed that certain of the Authority's vendors are similarly subject to the State Conflict of Law requirements because the Authority has contracted with those vendors for the personal services of particular individuals.

Mr. Lamson stated that management would be scheduling a training session to be conducted by the State Ethics Commission for the Members, Port Council members and the Authority's management employees. Mr. Lamson noted, however, that the Authority was not responsible for providing the Members and Port Council members with a summary of the law or ensuring that they complete the online training program; rather, the Members' and Port Council members' respective appointing authorities had those responsibilities. Nevertheless, Mr. Lamson said, Mr. Sayers would be contacting the Members' and Port Council members' appointing authorities to make certain that they are aware of their obligations in this regard.

Proposed Reduced Automobile Rate for Annual
Woods Hole and Falmouth Parking Permit Holders:

Mr. Lamson then asked the Members to approve management's proposal that the Authority offer a reduced round-trip automobile fare between Woods Hole and Martha's Vineyard to annual Woods Hole and Falmouth parking permit holders. Mr. Lamson stated that management was proposing that this special round-trip automobile fare be established on a trial basis for one year at a price of $55 for travel with the permitted vehicles of annual permit holders with the limitations that it can only be used between September 15th and May 14th of the following year, that the return segment of the round trip must be completed within 31 days, and that permit holders cannot travel on this fare more than twice each off-season.

However, Mr. Ranney questioned why management was proposing to prohibit annual parking permit holders from traveling more than twice during the off-season at this discounted fare. In response, Mr. Huss stated that this limitation was being proposed to ensure that permit holders traveling on this discounted fare do not displace other customers who are paying the regular fare. Mr. Marshall then declared that, in his opinion, the proposal amounted to nothing more than the Authority giving money away to people who already are receiving discounts from the Authority under one or more of the Authority's other giveaway programs.

In response to a question from Mr. Hanover, Mr. Lamson noted that, even with the two-round-trip-per-off-season limitation, permit holders traveling on this discounted fare could still be expected to displace customers paying the regular fare because the proposal would not restrict permit holders from traveling on any particular trips. Mr. Lamson observed that, by contrast, the Authority's "Super Saver" fare for the Nantucket route limited travel on that discounted fare to certain off-peak trips where the Authority has substantial excess deck capacity. Mr. Hanover then suggested that the Members defer this matter for a month to provide management with the opportunity to identify which off-peak trips permit holders should be limited to when traveling on this discounted fare. In this regard, Mr. Hanover noted that, while he was in favor of generating more traffic on the Authority's boats, he could not support a proposal that could result in up to 1,300 permit holders displacing full-paying customers on potentially 2,600 round trips.

Mr. Ranney suggested that, not only should travel on the discounted fare be restricted to off-peak trips, but also that the fare should be limited to Martha's Vineyard residents, who could then travel on the discounted fare every week as long as the trips are not full. But Mr. Jones disagreed, arguing that the discounted fare should apply to all permit holders, not just those who are Martha's Vineyard resident. Mr. Jones observed that many of those permit holders are mainland residents who work on the island, and that they too should be eligible for this discount.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to table discussion on management's proposal for a reduced automobile rate for annual Woods Hole and Falmouth parking permit holders, as described in Staff Summary #GM-555, dated April 15, 2010, so that management can revise the proposal and then present it to the Port Council for their review before submitting it to the Members for further consideration at their next meeting.

VOTING	**AYE**	**NAY**
Mr. Hanover	**35 %**	
Mr. Marshall		**10 %**
Mr. Tierney	**10 %**	
Mr. Ranney	**35 %**	
Mr. O'Brien		**10 %**
TOTAL	**80 %**	**20 %**

Messrs. O'Brien and Marshall stated that they voted against the motion to table discussion on the proposal because they felt the Members instead should vote expressly not to approve the proposal in the form it was being presented that day.

Islander Travel Tips Brochure:

Mr. Lamson noted that the Members had been provided with an advance copy of the brochure that management recently created for Nantucket residents to explain all of the special rates and policies that the Authority currently has in place to help them save money and to assist them with getting reservations for their vehicles. Mr. Lamson stated that management was going to try to get this brochure distributed to as many Nantucket residents as possible over the next few weeks, and that management was also creating a similar brochure for Martha's Vineyard residents, which should be available for distribution before the end of April 2010.

Treasurer's Report:

Mr. Davis reported that, for the month of March 2010, the Authority's passenger traffic was 4.6% higher than the same month in 2009, that its automobile traffic was 1.8% higher, and that its truck traffic was 8.8% higher. Nevertheless, Mr. Davis said, the Authority's projected net loss for the month was $200,000 higher than what had been budgeted, due to maintenance expenses being $300,000 higher than projected (with dry-dock expenses for the *Iyanough* and overhaul expenses for the *Eagle* still coming in April 2010), and health claims being $320,000 higher than budget estimates. Mr. Davis also reported that the Authority's net operating loss for the first three months of 2010 was expected to be around $7,900,000, which was $400,000 higher than expected. Mr. Davis then reported that:

(a) The Authority had sold 48 ten-ride ticket books for the *Iyanough* in March 2010, representing a 182% increase over the 31 books that had been sold in March 2009.

(b) As of March 31, 2010, the Authority this year had sold 400 ten-ride automobile books for the Martha's Vineyard route (compared to 382 books during the first three months of 2009), and 50 six-ride automobile books for the Nantucket route with a two-year expiration (compared to 18 Nantucket automobile books sold during the same period last year). The Authority also had sold three six-ride automobile books for the Nantucket route with no expiration date.

(c) Prior to the start of the *Iyanough's* high-speed passenger service on April 14, 2010, the Authority had sold 25 adult and six children fast ferry upgrade tickets with a January 2, 2011 expiration date.

(d) The Authority already has sold 93 Super Save automobile spaces on the Nantucket route, of which 32 have been used.

(e) The Authority already has sold 27 adult, three children and one senior 1-3 day combo tickets for the Nantucket route.

In response to a question from Mr. Ranney, Ms. Barboza stated that, as of the prior week, the Authority's advance vehicle reservations for the 2010 summer season were around 0.8% lower than the same time last year.

Hyannis Passenger Waiting Shelter:

Mr. Lamson then announced that, pursuant to the authorization that the Members had given him at their March 16, 2010 meeting, he had awarded Contract #06-10 for the construction of a passenger waiting shelter on the existing high-speed ferry timber pier at the Hyannis terminal to the lowest eligible and responsible bidder for that contract when bids for the contract were opened on April 8, 2010. Mr. Lamson stated that the low bidder had turned out to be CeMat Contracting Co., Inc. of New Bedford, Massachusetts, who had submitted a bid in the amount of $214,825. Mr. Lamson also noted that management's estimate of the construction cost for the shelter had been $304,000. Mr. Lamson stated that management expected to have the shelter constructed by the Memorial Day Weekend.

M/V Eagle Lift Decks, Freight Doors and Hydraulic Power System:

Mr. Lamson then requested the Members to award Contract #07-10 to supply, deliver and oversee the installation of two steel vehicle lift decks, two aluminum freight doors (bow and stern doors) and a hydraulic power system for the *Eagle* to the lowest eligible and responsible bidder for that contract, Supreme Integrated Technology, Inc. of St. Rose, Louisiana, in the amount of

$2,468,119. (In this regard, Mr. Lamson noted that the hydraulic system being designed under this contract will operate both the lift decks and the new bow and stern doors.) Mr. Lamson stated that management wanted to award this contract prior to the *Eagle's* mid-life refurbishment shipyard contract due to the lead time needed to design and build the vehicle lift decks. If the award of the *Eagle's* mid-life refurbishment shipyard contract is delayed for any reason, Mr. Lamson said, this contract also has a provision where the Authority will be able to limit the scope of work for this contract during the first 90 days to the design phase only.

Mr. Lamson also stated that the principals of Supreme Integrated Technology, Inc. were formerly associated with the company that designed and built the *Island Home's* lift decks and that, as a result, management was confident that they can design, supply and oversee the installation of the *Eagle's* lift decks. Mr. Lamson further noted that the Members had been provided with an updated preliminary cost estimate for the *Eagle* mid-life refurbishment project, which was now $10,219,175, including a ten percent cost contingency that should be on the high side. Mr. Lamson observed that the shipyard contract for the work was currently scheduled to be awarded in July 2010 and that four shipyards already had expressed an interest in performing the work.

In response to questions from the Members, Mr. Walker stated that the Authority had received only one bid for Contract #07-10 because it is for specialized work. Mr. Walker stated that a Swedish firm had also seemed very interested in the contract, but apparently decided not to submit a bid because of the Authority's requirement that the contractor maintain a local vendor in the United States. Mr. Walker also stated that the two firms that had separately supplied the bow and stern doors and the lift decks for the *Island Home* similarly had failed to submit bids, possibly because of bonding issues, although he was sure that they both had the capability to perform the contract. Finally, Messrs. Walker and Davis informed the Members that the updated $10,219,175 cost estimate already had been adjusted to take into account Supreme Integrated Technology, Inc.'s bid price and that the estimate was pretty much on track.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to award Contract #07-10, "Supply, Deliver & Installation Oversight of Two (2) Steel Vehicle Lift Decks, Two (2) Aluminum Freight Deck Doors & A Duplex Electro Hydraulic Power System Onboard the M/V Eagle," to Supreme Integrated Technology, Inc., of St. Rose, Louisiana, the lowest responsible and eligible bidder for the contract,

for a Total Contract Price of $2,468,119, as recommended by management in Staff Summary #E2010-4, dated April 15, 2010.

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

Port Council's Report:

Mr. Huss reported that, at their last meeting, the Port Council had discussed almost everything that the Members had considered that day and, in addition, had reviewed management's 2010 communications plan and offered suggestions on how the Authority could better disseminate information to the public, as well as how the Authority should inform Falmouth and Barnstable senior citizens that they are entitled to senior citizen discounts. Mr. Huss further reported that Nantucket Port Council member Nathaniel Lowell had asked management to look into how trucks less than 20 feet in length might be able to make reservations on hazardous trips, which they currently cannot do unless the reservations are made during the bulk freight reservation program.

Transportation Policy for Port Council Members:

Mr. Ranney stated that he would like the Members to revisit the issue of what the Authority's transportation policy should be for Port Council members as compared to what the policy is for the Members themselves, and he asked Mr. Sayers to provide the Members with a summary of the policies for their review in advance of next month's meeting.

Discounted Fare for Excursion Customers Who
Need to Travel for Multiple Medical Treatments:

Mr. Hanover recounted how an island constituent who is undergoing chemotherapy had recently moved off of Martha's Vineyard because of the inconvenience and expense of traveling off-island numerous times for the necessary medical treatments. Mr. Hanover reported that, while the island's cancer support group had praised the Authority for providing cancer patients with parking spaces in Woods Hole, many patients still need to travel with their vehicles because they were simply too weak to get in and out of their cars. Accordingly, Mr. Hanover asked Mr. Lamson if management could look into whether the Authority could offer a discounted rate for island residents who need to travel to the mainland on a repeated basis for special medical treatments such as chemotherapy. Mr. Hanover also suggested that the rate could be one-half of the excursion fare, which would be available only to those island residents who provide the Reservation Department with documentation from their physicians establishing their need to travel on a repeated basis for medical treatment and showing their treatment schedules.

Mr. Marshall proposed that the Members simply adopt Mr. Hanover's suggestion instead of having management look into the issue, observing that the discount would apply only to a very small number of people. Mr. Ranney agreed, and suggested that management could then develop more specific guidelines to determine who is eligible for the discount and how it should be implemented.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to approve a discounted rate for island residents who need to travel to the mainland with their vehicles on a repeated basis for special medical treatments, as follows:

(a) The rate shall be equal to one-half of the excursion fare; and

(b) The rate shall be available only to those island residents already eligible for the excursion fare who provide the Reservation Department with documentation from their physicians establishing their need to travel on a repeated basis for medical treatment and showing their treatment schedules.

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

At approximately 10:55 a.m., Mr. Hanover 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. Tierney's motion, seconded by Mr. Ranney -- 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, the deployment of security personnel and devices, contract negotiations with nonunion personnel, and the investigation of charges of criminal misconduct and the filing of criminal complaints.

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

A TRUE RECORD

JOHN A. TIERNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

May 18, 2010

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 18th day of May, 2010, beginning at 9:30 a.m., in the Discovery Room of the Nantucket Whaling Museum, located at 15 Broad Street, Nantucket, Massachusetts. Four Members were present: Chairman Marc N. Hanover of Dukes County; Vice Chairman Robert S. Marshall of Falmouth; Secretary John A. Tierney of New Bedford; and H. Flint Ranney of Nantucket. Robert L. O'Brien of Barnstable was not present.

Port Council Vice Chairman Robert V. Huss of Oak Bluffs, and Port Council members Robert R. Jones of Barnstable, Nathaniel Lowell of Nantucket 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Director of Information Technologies Mary T.H. Claffey; Manager of Reservations and Community Relations Gina L. Barboza; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to approve the minutes of the Members' meeting in public session on April 20, 2010.

VOTING	AYE	NAY
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
Mr. Ranney	35 %	
TOTAL	90 %	0 %

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for March 2010, 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 more passengers (up 4.6%) during that month than during the same month in 2009. However, Mr. Lamson informed the Members that previous business summaries had counted certain trucks less than twenty feet in length in the traffic statistics as automobiles, and that, beginning with the business summary for March 2010, the Authority was now reclassifying them as trucks. Accordingly, Mr. Lamson said, management would be issuing a revised business summary showing an accurate comparison of the number of automobiles and trucks carried in 2009 and 2010.

Mr. Lamson also reported that the Authority's operating revenues for the month were $17,000 lower than what had been projected, and that the Authority's operating expenses for the month were $161,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the month of March 2010 had been around $2,773,000, approximately $177,000 higher than projected. Mr. Lamson further reported that the Authority's net operating loss for the first three months of 2010 had been around $7,878,000, approximately $422,000 higher than expected, due to a combination of revenues being $220,000 lower than projected and expenses being $202,000 higher than projected.

In response to questions from the Members, Mr. Lamson noted that some of the increase in expenses was attributable to projects that the Authority had planned to complete in 2009 but which were not completed until the first few months of 2010. In addition, Mr. Davis stated that the increase in health care claims hopefully was a one-time event due to employees using the Authority's medical plan more before certain increases in co-pays went into effect earlier this year, and that the Authority already was starting to experience some of the savings it anticipated in switching carriers.

Hyannis Terminal Slip Improvements Project:

Mr. Walker reported that there were only a few punch list items left to be completed for the Hyannis Terminal Slip Improvements Project, and that Slip #2 and the high-speed slip were both operational except for some electrical service. Mr. Walker also reported that the new passenger waiting shelter would be completed sometime between June 15th and June 20th.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker then reported that the Oak Bluffs terminal would be ready for the first day of the summer schedule that Thursday, and that the contractors had made up for all of the delays that had resulted when the terminal building's foundation failed the previous fall during pile driving operations.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Walker then gave a presentation on all of the work that will be included in the *Eagle* Mid-Life Refurbishment Project, including replacing all of the exterior windows and the freight deck ventilation, installing new main engine coolers and bow and stern doors (from hinged ones to horizontal sliding doors), changing out the main electrical switchboard and the joiner work on the 02 passenger deck, upgrading the crew's galley, refurbishing the elevators, and installing two lift decks on the port side of the freight deck. Mr. Walker also noted that there will be 70 electrical outlets installed throughout the 02 deck to ensure that there will be a sufficient number of outlets for use by the Authority's passengers.

Mr. Walker reported that management was finalizing the specifications for the project and would be issuing the invitation for bids the following week. Mr. Walker also stated that the opening of bids was scheduled for July 7th, which will allow the Members to award the contract at their July 20th meeting. In response to a question from Mr. Ranney, Mr. Walker stated that, after the refurbishment, crew members will no longer have to accompany passengers when they use the vessel's elevators.

Discounted Fare for Excursion Customers Who
Need to Travel for Multiple Medical Treatments:

Mr. Lamson then requested that the Members approve management's proposed guidelines for determining who will be eligible for the reduced automobile excursion rate that the Members approved at their last meeting for island residents who need to travel with their vehicles for frequent medical treatments or appointments on the mainland. Mr. Lamson also noted that those proposed guidelines, which were set forth in Staff Summary #GM-558, dated May 12, 2010, include the following:

(a) The reduced automobile excursion rate will be 50% of the applicable automobile excursion rate, based on the time of the year and the size of the vehicle.

(b) The reduced rate will be extended to those island residents who are already eligible for the automobile excursion rate and profiled as such in the Authority's reservation system.

(c) Eligible residents must have a series of at least 10 scheduled medical treatments or appointments over a three-month period for the same medical condition.

(d) Vehicle reservations at this reduced rate must be requested and arranged through the Reservation Manager or a Supervisor at the Mashpee Reservation Office.

(e) Supporting documentation from a doctor or medical office will need to be provided at the time of the request for this reduced fare.

(f) The Reservation Manager and Supervisors will be allowed, at their discretion, to make other special travel arrangements upon request for those island residents requiring frequent treatments or appointments on the mainland for the same medical condition.

Mr. Lamson also reported that the Port Council had voted to recommend that the Members approve management's guidelines, provided that they are published on the Authority's website and that management is authorized to change the guidelines based upon the its experience and professional input so that the real-life serious medical conditions experienced by the Authority's customers are addressed.

Mr. Hanover declared that management's proposed guidelines were exactly what he had hoped to see, although he cautioned that management should still have flexibility to use common sense. Mr. Marshall agreed, saying that he would hate to have a customer with a serious medical issue be denied a needed accommodation because of the way the guidelines are worded, and he suggested that supervisors be authorized to make exceptions to the guidelines. But Mr. Lamson stated that he thought the Authority needed to be consistent with how it treats all of its customers, and that if it appeared some exceptions to the guidelines should be made, a better approach may be to then revise the guidelines themselves. Mr. Ranney also noted that the Authority needed more professional advice as to how the guidelines should be worded and who should be eligible under the policy.

Peter MacKay, Social Services Manager for Nantucket Cottage Hospital, informed the Members that he was responsible for arranging transportation for island residents who needed to get to medical appointments on the mainland, and that the hospital had three funds to pay for that transportation, one for cancer patients, one for children, and one for all others. Mr. MacKay expressed his appreciation for the proposed guidelines, but he stated that, as a practical matter, Nantucket residents do not travel frequently with their automobiles and, when they do travel with their automobiles, the trips are for much longer duration. Accordingly, Mr. MacKay said, this new policy would not have much use on Nantucket.

Mr. MacKay also informed the Members that there was quite a variance of financial means among Nantucket residents, and that the hospital had established its Shorty Fund for Nantucket residents who need financial assistance to help pay their travel expenses to off-island medical appointments. In this regard, Mr. MacKay stated that the Shorty Fund provides assistance to Nantucket residents who provide documentation establishing their eligibility using a certain percentage of federal poverty guidelines. Mr. MacKay suggested that the Authority consider establishing similar guidelines pursuant to which it could provide discounted fares to Nantucket residents who need financial assistance so they can travel on either the conventional ferries with their vehicles or the fast ferry for off-island medical appointments.

Mr. Marshall declared that the Authority should be as accommodating as it can for these people, especially given how few customers would actually be eligible for the discounted fares. Mr. Hanover agreed, and suggested that while the Members should approve management's proposed guidelines, they should also ask management to work with Mr. MacKay to determine how those guidelines should be supplemented to address the medical needs of Nantucket residents, and that the Members should then consider this issue again in two months.

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

1. to approve management's proposed guidelines for determining who will be eligible for the reduced automobile excursion rate for island residents who need to travel with their vehicles for frequent medical treatments or appointments on the mainland, as set forth in Staff Summary #GM-558, dated May 12, 2010;

2. to authorize management to modify those guidelines, if necessary, based upon experience and professional input; and

3. to work with Nantucket Cottage Hospital to determine how the guidelines should be supplemented to address the medical needs of Nantucket residents

VOTING	**AYE**	**NAY**
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
Mr. Ranney	**35 %**	
TOTAL	**90 %**	**0 %**

Reduced Automobile Rate for Annual
Woods Hole and Falmouth Parking Permit Holders:

Mr. Lamson then requested that the Members approve management's proposal to offer a reduced round-trip automobile fare of $55 for vehicles under 20 feet between Woods Hole and Martha's Vineyard to annual Woods Hole and Falmouth parking permit holders, subject to the following limitations:

(a) Annual Woods Hole and Falmouth parking permit holders must travel with their permitted vehicles in order to receive this fare.

(b) Travel on this fare can only occur during the off-season (between September 15th and May 14th of the following year).

(c) An annual permit holder cannot travel on this fare more than twice each off-season.

(d) Travel on this fare is limited to the last scheduled trip in each direction on Tuesdays, Wednesdays, Thursdays and Saturdays (except for certain black-out dates).

(e) The permit holder's return trip on this fare must take place within 31 days after the first segment of the round trip.

(f) All reservations for annual Woods Hole and Falmouth parking permit holders at the reduced rate have to be coordinated through a Supervisor at the Mashpee Reservations Office.

In response to a question from Mr. Ranney, Mr. Lamson stated that management thought it was reasonable to have a limit of two round trips per year that annual Woods Hole and Falmouth parking permit holders could travel on this fare, instead of allowing them to travel as often as they want, because of the trial nature of the program and the fact that even this limit still adds value to the annual parking permits.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Tierney -- to approve management's proposal for a reduced automobile rate for annual Woods Hole and Falmouth parking permit holders on certain off-peak trips during the off-season for one year, as described in Staff Summary #GM-557, dated May 12, 2010.

VOTING	**AYE**	**NAY**
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
Mr. Ranney	**35 %**	
TOTAL	**90 %**	**0 %**

Documentation Requirements for College Students
Entitled to Extended Automobile Excursion Rate Travel:

Mr. Lamson requested that the Members reaffirm the Authority's current policy that requires college students to submit documentation every semester establishing that they are enrolled in college in order to be eligible for the extended automobile excursion rate (which allows them to return to the island beyond the usual 31-day deadline). Mr. Lamson noted that the Authority provides this extended excursion rate to almost 200 college students who submit the necessary documentation each semester, and approximately 25% of the students do not return to school the following semester. Mr. Lamson also advised the Members that the Port Council had voted at their last meeting to recommend that the Authority continue to require this documentation.

Nantucket resident Bert Johnson stated that he was the person who had suggested that the Authority no longer require this documentation because he did not believe it was productive for the Authority's Reservation Department to spend all of the necessary time and energy reviewing it, especially given the large number of college students involved. Mr. Johnson also said that, with two children in college, he has found out that the schools do not always send back the documentation that the Authority requires.

In response to a question from Mr. Ranney, Mr. Lamson stated that in the event a college fails to return the documentation without letting a student know, the student can always make a reservation at the standard fare and then obtain a refund after the documentation is submitted. Mr. Lamson also noted that the documentation merely consists of a confirmation from a college's bursar's office that the student is enrolled and that the form itself can be downloaded from the Authority's website.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Marshall -- to reaffirm the Authority's current policy requiring college students to submit documentation every semester establishing that they are enrolled in college that semester in order to be eligible for the extended automobile excursion rate, as recommended by management in Staff Summary #GM-559, dated May 12, 2010.

VOTING	**AYE**	**NAY**
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
Mr. Ranney		**35 %**
TOTAL	**55 %**	**35 %**

Maximo Upgrade:

Mr. Lamson requested authorization to proceed with a required upgrade of IBM's Maximo Computerized Maintenance Management System, noting that if the Authority does not upgrade the system, in a few months it will no longer be supported by IBM. In that event, Mr. Lamson said, the Authority would have to abandon Maximo and replace it with an entirely different system which would cost four times as much. Mr. Lamson also stated that the Maximo software is currently used by the Authority for the input and documentation of corrective maintenance work orders, preventive maintenance work orders, Maintenance Department labor tracking, and certain safety functions, and that the upgrade will also allow the Authority to perform planning, scheduling, inventory, purchasing and safety management functions.

Mr. Lamson further reported that, as part of the upgrade, the Authority will also transition from a ten concurrent user license to a new license that will allow the Authority to have thirty authorized users and twenty limited-use authorized users, which should be sufficient to meet the Authority's current and future licensing needs. Mr. Lamson stated that the total estimated cost for this upgrade was $50,400, plus an annual software support cost of $21,000. In response to a question from Mr. Hanover, Mr. Walker stated that IBM issues a new version of Maximo every year or two, and that the new versions will be free with the Authority's service agreement.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to authorize the General Manager to proceed with a required "Upgrade of the IBM, Maximo Computerized Maintenance Management System and Purchase of Additional Licensed Users," as recommended by management in Staff Summary #E 2010-5, dated May 13, 2010.

VOTING	**AYE**	**NAY**
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
Mr. Ranney	**35 %**	
TOTAL	**90 %**	**0 %**

Analysis of Rates versus Cost of Service for 2009:

Mr. Davis reviewed his analysis of the effectiveness of the Authority's rate structure to cover the respective cost of service for passengers, automobiles and trucks on each route during 2009, which he had provided to the Members with Staff Summary #A-518, dated May 12, 2010. With respect to the Martha's Vineyard route, Mr. Davis reported that:

(a) Total vessel operating costs increased by $185,000 (or 0.8%) in 2009, with increased maintenance costs accounting for the bulk of that increase. Indirect non-vessel costs increased by $515,000 (or 2.8%) as the allocation of maintenance and administration expenses fell more on the Martha's Vineyard route that year. Overall the cost of service on the Martha's Vineyard route increased by $700,000 (or 1.7%) from 2008.

(b) While the number of trips had decreased by 93 in 2009, causing total capacity for the year to decrease by 7,490 car-equivalent unit spaces, the number of spaces occupied had decreased by only 6,380, or 1.1%. However, the occupancy rate of 77.9% for the year was essentially the same (a decrease of 0.1%) as in 2008.

(c) The estimated cost of a car-equivalent unit space in 2009 was $48.59. On average, automobiles covered 95.5% of their allocated cost of service, with standard fare automobiles covering 131.0% and excursion fare automobiles covering 40.7%. By comparison, on average, trucks were covering 114.6% of their allocated cost of service.

With respect to the Nantucket route, Mr. Davis reported that:

(a) Total vessel operating costs decreased by $1,615,000 (or 10.4%) in 2009, primarily due to the decrease in vessel fuel expense; and the amount of indirect non-vessel costs allocated to the Nantucket route similarly decreased by $1,935,000 (or 16.2%), primarily due to the fact that in 2008 the Authority had performed substantial dolphin and dock repairs at the Nantucket terminal. As a result, the overall cost of service for the Nantucket route decreased by $3,550,000 (or 13.0%) from 2008.

(b) While the number of trips decreased by 202 in 2009 (resulting in 7,600 fewer spaces), the total number of occupied spaces fell even further (by 18,633 spaces), resulting in a 6.1% decrease in the occupancy rate to 76.2%.

(c) The estimated cost of a car-equivalent unit space in 2009 was $116.60. On average, automobiles were covering 115.8% of their allocated cost of service, with standard fare automobiles covering 158.1% and excursion fare automobiles covering 40.7%. By comparison, on average, trucks were covering 86.9% of their allocated cost of service.

Mr. Davis noted that, in the event the need arises for a rate increase, one of the purposes of this analysis is to see which categories of customers are effectively being subsidized by other categories of customers and, therefore, in the interest of fairness might be called upon to pick up a little more of the cost of service. For example, Mr. Davis pointed out that, on the Martha's Vineyard route, historically the trucks carried by the Authority have subsidized automobile customers, while it has been the opposite on the Nantucket route, although the disparities have been decreasing on both routes over the past few years.

Port Council's Report:

Mr. Huss reported that, at their last meeting, the Port Council had discussed almost everything that the Members had considered that day and, in addition, had discussed how, as a result of Mr. Lowell's suggestion at the prior month's Port Council meeting, management was now allowing customers to make reservations on hazardous freight trips for trucks less than twenty feet in length, provided that they are arranged with a Truck Coordinator or Reservation Supervisor. Mr. Lowell noted that the Authority needed to make this change due to the fact that, over the years, trucks carried by the Authority have gotten shorter. Mr. Lowell also agreed that it was necessary to have a Truck Coordinator or Reservation Supervisor handle these reservations to ensure that the trucks being carried on hazardous freight trips comply with federal regulations (which limit the types of trucks that can be carried on such trips). Mr. Lowell further observed that, as a result of this change, there will be fewer trucks carried on the larger ferries, which will open up more space for automobiles.

Transportation Policy for Port Council Members:

Mr. Ranney observed that the Port Council works very hard and resolves many issues for the Authority's benefit before they reach the Members for their consideration. Accordingly, Mr. Ranney stated that he felt the Authority's travel policy for Port Council members should be revised so that any person who serves as a Port Council member for six years continues to receive the same travel privileges after the end of his or her service that he or she receives while serving as a Port Council member.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to revise the Authority's travel policy for Port Council members so that not only does an individual who is serving as a Port Council member receive the same travel privileges that the Authority provides to its current and eligible retired employees, but also that an individual who serves as a Port Council member for at least six years will continue to receive those travel privileges after the end of his or her service for the rest of his or her life.

VOTING	AYE	NAY
Mr. Hanover	35 %	
Mr. Marshall	10 %	
Mr. Tierney	10 %	
Mr. Ranney	35 %	
TOTAL	90 %	0 %

Performance Evaluation of the General Manager:

The Members agreed that, at their next meeting, they would use the form attached to Staff Summary #L-389, dated May 13, 2010, for the performance evaluation of the General Manager, observing that the form was essentially the same document that had served the Members well in prior years.

State Conflict of Interest Law:

The Members agreed that a Conflict of Interest Law seminar conducted by the State Ethics Commission will be held at 9:00 a.m. on Tuesday, July 20, 2010, in the second meeting room of the Authority's Hyannis terminal. Although the Members are not required to attend the seminar themselves, they also agreed to delay the start of their meeting that day to 11:00 a.m. (at the same location) so that any Member who wants to attend the seminar may do so.

At approximately 10:58 a.m., Mr. Hanover entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. 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, the deployment of security personnel and devices, contract negotiations with nonunion personnel, and the investigation of charges of criminal misconduct and the filing of criminal complaints.

VOTING	**AYE**	**NAY**
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
Mr. Ranney	**35 %**	
TOTAL	**90 %**	**0 %**

A TRUE RECORD

JOHN A. TIERNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

June 15, 2010

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 15th day of June, 2010, beginning at 9:30 a.m., in the Katharine Cornell Theatre of the Tisbury Town Hall, located at 51 Spring Street, Vineyard Haven, Massachusetts. All five Members were present: Chairman Marc N. Hanover of Dukes County; Vice Chairman Robert S. Marshall of Falmouth; Secretary John A. Tierney of New Bedford; H. Flint Ranney of Nantucket; and Robert L. O'Brien of Barnstable.

Port Council Chairman S. Eric Asendorf of Falmouth, Port Council Vice Chairman Robert V. Huss of Oak Bluffs, Port Council Secretary George J. Balco of Tisbury, 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Director of Information Technologies Mary T.H. Claffey; Manager of Reservations and Community Relations Gina L. Barboza; Port Captain Charles G. Gifford; Director of Marketing Kimberlee McHugh; Vineyard Haven Terminal Manager Bridget Tobin; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the minutes of the Members' meeting in public session on May 18, 2010.

VOTING	**AYE**	**NAY**
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
Mr. Ranney	**35 %**	
TOTAL	**90 %**	**0 %**

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for April 2010, 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 fewer passengers (off 0.7%), more automobiles (up 2%), and fewer trucks (off 0.8%) during that month than during the same month in 2009. Mr. Lamson also reported that the Authority's operating revenues for the month were $184,000 lower than what had been projected, and that the Authority's operating expenses for the month were $429,000 lower than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the month of April 2010 had been around $245,000 lower than projected. For the first four months of 2010, however, Mr. Lamson further reported that the Authority's net operating loss had been around $8,900,000, approximately $177,000 higher than expected, due to revenues being $404,000 lower than projected and expenses being $228,000 lower than projected.

Hyannis Terminal Slip Improvements Project:

Mr. Walker reported that the project was complete except for a few punch list items. Mr. Walker noted, however, that the construction of the passenger shelter was behind schedule, and that it would not be completed until July 16, 2010. In response to a question from Mr. Hanover, Mr. Walker stated that, until the passenger shelter is completed, the Authority will continue to use Slip #1 for boarding and unloading passengers from the *Iyanough*, and Mr. Rozum assured Mr. Hanover that this would not result in any inconvenience for the Authority's passengers.

Oak Bluffs Terminal Reconstruction Project:

Mr. Walker then reported that this project was also complete and that the Authority was using both the terminal building and the pier, even though some lighting and security fencing still had to be installed.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Lamson stated that management was proposing to delay the mid-life refurbishment of the *Eagle* until the fall of 2011. Mr. Lamson recounted how the project had been scheduled for 2010-2011 off-season, how the vessel would have been in the shipyard from December through next March, and how the original plan was to award one contract for all of the mid-life refurbishment work, including the lift decks and new bow/stern doors. Mr. Lamson further recounted how, because of the long lead time for those items, management had decided to award a separate contract for the lift decks and the bow/stern doors so that their engineering and design could be included in the invitation for bids that was to be issued to the shipyards this past month.

Mr. Lamson then reported, after only one lift deck and door vendor had submitted a bid for that separate contract in April 2010, it turned out that the vendor was unwilling to accept the terms and conditions of the contract as the Authority had specified them in the invitation for bids. Therefore, Mr. Lamson said, if the Authority were to proceed with the project this coming off-season now, it would be faced with a very tight schedule for the winning shipyard to develop its own engineering and design for the lift decks and bow/stern doors so they can be installed in coordination with all of the other mid-life refurbishment work by the end of next March. Ultimately, Mr. Lamson said, management does not want to take the risk of not having the vessel back for the start of the summer schedule next year.

Mr. Lamson then noted that there should also be some benefits from delaying the project until the fall of 2011. As a result, Mr. Lamson said, the Authority will be able to schedule the *Eagle's* USCG-required dry-docking during this coming winter, and remove that work item from the mid-life refurbishment contract. Mr. Lamson stated that this will also allow more shipyards (who don't have the ability to dry-dock the vessel) to submit bids for the contract, and will also allow the Authority to award one contract for all of the work (including the lift decks and bow/stern doors) as it originally had planned.

Mr. Ranney stated that he was a little disappointed that the project would not be started later this year, but he agreed that the Authority should take the time and get it right. Mr. Lamson then noted that, if the Members agreed to delay the project, the *Eagle* would leave for the shipyard the weekend after Thanksgiving in 2011. Meanwhile, Mr. Lamson said, management would issue an invitation for bids this upcoming winter and then would provide all prospective bidders with the opportunity to inspect the vessel in Fairhaven when it is not providing service, with bids for the work being opened by March 2011.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the delay of the *M/V Eagle* Mid-Life Refurbishment Project, as proposed by management in Staff Summary E 2010-6, dated June 9, 2010.

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

Preliminary 2011 Winter and Spring Operating Schedules:

Mr. Lamson then stated that management had provided the Members with a preliminary draft of the 2011 Winter and Spring Operating Schedules in Staff Summary #RCE 01-10, dated June 8, 2010, for discussion purposes only. Mr. Lamson noted that, if those schedules are approved by the Members at their next meeting, the Authority will provide the same level of service next winter and spring that it provided this past winter and spring, with only slightly different starting and ending dates (resulting in the 2011 Summer Operating Schedule starting four days later than this year). Mr. Lamson stated that management had reviewed the occupancy rates this past year and had concluded that the Authority had provided the right level of service. While the Authority had enough service, Mr. Lamson said, it also did not have too much.

Mr. Hanover stated that he had heard some complaints last fall that the *Island Home* had been taken out of service too soon to undergo its annual overhaul, and that some of the terminal agents had been frustrated. However, Mr. Lamson noted that it is preferable for the vessel to be out of service during the fall schedule when the Authority has a freight boat providing extra service during the weekends. By undergoing its overhaul earlier, Mr. Lamson said, the *Island Home* can then be back in service during the winter so that its lift decks can provide additional capacity when there is no freight boat operating during the weekends.

Mr. Ranney asked Mr. Lamson if he could see whether the *Island Home* could be used to transport people for the football game, as Nantucket residents have never seen the vessel. Mr. Ranney noted that the Authority could also have an open house on the vessel while it is tied up at the Nantucket terminal.

Amendment to Dockage Agreement with
SeaStreak, LLC for Use of the Oak Bluffs Terminal:

Mr. Lamson then asked the Members to approve an amendment to the Authority's dockage agreement with SeaStreak, LLC to allow SeaStreak to use the Oak Bluffs terminal on Saturdays during this summer to load and unload passengers for seal watch and sunset sightseeing cruises with its 400-passenger vessel that will be taking passengers from New York to Martha's Vineyard each weekend. Mr. Lamson noted that, if the vessel did not provide these Saturday cruises, it would continue to tie up in New Bedford after it unloads passengers from New York on Friday nights until it returns to New York on Sundays.

Mr. Lamson also noted that, under the proposed amendment, SeaStreak will pay a dockage fee for use of the terminal by adding the passengers carried on each tour to the number of passengers for whom SeaStreak is obligated to pay a per-passenger dockage fee in connection with its New York service. Further, Mr. Lamson said, SeaStreak will be required to schedule its tours so that they do not conflict with the Authority's own operations, and will also be required to have someone at the terminal during the day on Saturdays to interact with its customers so that those customers do not distract the Authority's employees from their duties.

In response to a question from Mr. Tierney, SeaStreak representative John Tiernan stated that the vessel will still be returning to New Bedford at the end of each Saturday to tie up for the night before returning to Oak Bluffs on Sunday to pick up its passengers for New York. Mr. Tiernan noted that, by providing Saturday cruises, SeaStreak was just attempting to utilize the vessel and its crew (who are paid for the day anyway), while generating revenue and providing another activity for tourists on the island. In response to a question from Mr. Marshall, Mr. Tiernan further stated that ticket prices for the cruise would be between $30 and $35, with tickets at half that price for children and a family package price of $85.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to authorize the General Manager to execute an amendment to the Authority's dockage agreement with SeaStreak, LLC, allowing SeaStreak to use the Oak Bluffs terminal for sightseeing and evening cruises on Saturdays only during the summer months, as recommended by management in Staff Summary #TPF 2010-2, dated June 10, 2010.

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

Treasurer's Report:

Mr. Davis reported that passenger traffic for the month of May 2010 was up 3.5% from the same month in 2009, that automobile traffic was up 1.4%, and that truck traffic was up 0.8%. Mr. Davis further reported that the Authority's net operating income for the month of May 2010 was expected to be around $300,000, which was $500,000 lower than what had been projected for the month due to lower revenues (down $280,000 versus budget projections) and higher expenses (up $175,000 versus budget projections, with $325,000 of higher maintenance expenses being partially offset by lower expenses in other areas). Mr. Davis also reported that the Authority's net operating loss for the year through May 2010 was expected to be around $8,625,000, which was $675,000 higher than expected.

Reservation System Source Code:

Mr. Lamson asked the Members for approval to purchase the computer source code and a perpetual license for the Authority's reservations system from Saber Technologies for $35,000. Mr. Lamson noted that, without access to the source code, the Authority would be forced to use the reservation system software on an "as is" basis if Saber Technologies is ever unable to fulfill its contractual commitments to the Authority for ongoing system changes and maintenance support. Therefore, Mr. Lamson said, purchasing the source code will provide the Authority with significant protection and will also allow the Authority to avoid potentially costly operational and legal issues that might arise in the future.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to authorize the General Manager to purchase the Reservation System Source Code for $35,000 from Saber Technologies, as recommended by management in Staff Summary #MIS 01-2010, dated June 10, 2010.

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

Port Council's Report:

Mr. Asendorf reported that, at their last meeting, the Port Council had discussed almost everything that the Members had considered that day and, in addition, had conducted their evaluation of Mr. Lamson's performance and had also discussed complaints from Federal Express that its reservations this year were too late in the day for its operations. In this regard, Mr. Asendorf noted that the Port Council considered whether another category of freight shippers should be given priority for reservations but ultimately concluded that the current bulk reservation program was appropriately tailored to accommodate as many freight customers as possible in a fair manner, especially given the extremely complicated nature of the situation.

However, Mr. Balco suggested that the Authority still may want to consider giving a preference to freight shippers who provide service to the islands on a year-round basis. Mr. Hanover agreed, saying that he similarly thought the Authority's year-round freight customers should have priority over other general freight shippers. But Mr. Jones observed that there is no perfect reservation system and that the way the Authority's current system is working is as good as it gets. Mr. Jones also noted that every freight customer could argue that it is entitled to priority over other freight customers for one reason or another.

Mr. Huss also recounted how Nantucket Port Council member Nathaniel Lowell had informed the Port Council that UPS had changed its operations on Nantucket to take into account that it could not receive packages earlier enough there for same day delivery. Mr. Huss stated that UPS now drops off its packages at a central location after they arrive on Nantucket and then it delivers the packages the following day.

Mr. Marshall suggested that, in addition to the four categories of freight for which it currently provides priority reservations, the Authority could also provide priority reservations to year-round freight customers. Mr. Asendorf also suggested that the Authority eliminate the priority given to the United States Mail, as that seemed somewhat antiquated to him. Mr. Lamson stated that management would look into all of these suggestions and discuss them with the Port Council at their next meeting.

Mr. Balco announced that the bus shelters that are going to be located adjacent to the Authority's Vineyard Haven terminal were almost complete, and that they had been paid for by the Authority's passengers through embarkation fees. Mr. Balco also thanked Ms. Tobin for allowing the Friends of the Vineyard Haven Library to place a cart in the Vineyard Haven terminal with books that people can take for free, and he noted that it may encourage people to sign up for library cards.

Performance Evaluation of the General Manager:

Mr. Hanover then commenced the Members' evaluation of Mr. Lamson's performance for the last two years, using the form attached to Staff Summary #L-389, dated May 13, 2010.

- Mr. Asendorf reported that, on a composite basis, the Port Council had given Mr. Lamson 70-½ points out of a possible 80, or a score of 88.17%, which reflected the overall excellent job Mr. Lamson had done over the past two years.

- Mr. Tierney commended the Port Council for their judgment, and stated that he had found his overall evaluation of Mr. Lamson's performance to be a pretty easy job. Mr. Tierney noted that the Authority's operations have been run exceptionally well, and that he had to look for areas to downgrade Mr. Lamson's god-like performance. Ultimately, Mr. Tierney said, he had given Mr. Lamson 76.17 points out of 80, which was a higher result than the Port Council's evaluation, but that was the way he felt about it.

- Mr. Ranney stated that he had concluded that Mr. Lamson is very good, that he is an excellent leader, and that there was no question that the Authority cannot find a better General Manager. However, Mr. Ranney noted that nobody is perfect, although he said that Mr. Lamson had become very good about listening to what island residents ask for and doing what he can. Ultimately, Mr. Ranney stated that Mr. Lamson received very high marks, that he had to find things that were wrong with Mr. Lamson's performance, and that Mr. Lamson received a total of 68.35 points, which translated to 85%. Mr. Ranney said that he did not know whether that was totally fair, but that it was not too bad and closer to an A or an A- rather than a B+.

- Mr. O'Brien declared that he echoed his predecessors. In reviewing the various goals, Mr. O'Brien stated that he did not think that Mr. Lamson had taken much action to develop a succession plan, but otherwise most of his marks were pretty well right up there. Overall, Mr. O'Brien stated that he had given Mr. Lamson 74 points, that Mr. Lamson does an exceptional job as General Manager, and that he hoped Mr. Lamson will be with the Authority for a long time to come.

- Mr. Marshall similarly echoed what had been said. With respect to the succession plan, Mr. Marshall stated that he had pressed that issue for years, but otherwise he had few if any issues that were even worthy of discussion. Mr. Marshall declared that Mr. Lamson has done an extra-ordinary job, and that he has kept the Authority out of the newspaper. Mr. Marshall also observed that completing the first section of the evaluation form was very difficult, because it assumed that many of the goals and projects were complete when they never can be complete even though Mr. Lamson's performance with respect to each goal and project is great. Mr. Marshall stated that Mr. Lamson is clearly the Authority's Captain, although the Members and the Port Council are contributing factors.

- Mr. Hanover stated that he had given Mr. Lamson 76 points out of 80, and that the succession plan was never a big issue for him and was even less so now. Mr. Hanover noted that, whenever Mr. Lamson is away, he designates a member of the staff to handle any problems or issues that require immediate attention, and that has worked very well. Mr. Hanover declared that Mr. Lamson has done an outstanding job, and that he hoped Mr. Lamson is here for a long time, as the islands are seeing the results, things have vastly improved, and the Authority is off the front page of the newspapers.

Further with respect to the succession plan, Mr. Ranney stated that, while he felt the Authority should look for an Assistant General Manager, nothing has gone wrong with the method that Mr. Lamson has used of designating a member of the staff to handle problems or issues that arise while he is away. Mr. Ranney further stated that, even if Mr. Lamson were to go to Alaska for a year, the Members could still run the Authority for that amount of time.

Mr. Marshall agreed that the Authority has a competent level of management that is able to perform when Mr. Lamson is on vacation, but he declared that "covering" for Mr. Lamson while he is away is not a succession plan. Rather, Mr. Marshall said, a succession plan is identifying who is going to take responsibility when Mr. Lamson leaves and, while the management team does a great job, the Authority needs someone else at the top when Mr. Lamson retires and it needs to put some kind of a skeleton plan in place.

Mr. O'Brien further observed that, whenever Mr. Lamson goes away, the employees always have to guess who is in charge because it is a moving target without any consistency. Mr. O'Brien said that Mr. Lamson should appoint one specific person to be in charge in his absence for the next year. But even that is not a succession plan, Mr. O'Brien said, and if the Members do not feel the Authority needs a succession plan, then they should remove it from the list of Mr. Lamson's goals because it is not fair to mark his performance down for not having one.

In response to a question from Mr. Tierney, Mr. Lamson stated that he had not thought of any date that he wishes to retire. Mr. Tierney declared that was a good answer, because if Mr. Lamson was thinking of retiring, Mr. Tierney was going to mark down his performance. Mr. Tierney then recounted the problems the Authority had when it went outside to find a new General Manager and Executive Director, and he suggested that, before going outside to find Mr. Lamson's successor, the Members look inside at the Authority's own employees. For example, Mr. Tierney said, the Authority might want to create a position of Assistant General Manager that would be filled by a different staff member on a rotating six-month basis, which would be better than going out nationally and selecting somebody that another operation wants to get rid of.

Mr. Hanover then asked Mr. Lamson to give this matter some thought and get back to the Members with his suggestion. However, Mr. Lamson stated that he had given it some thought and that he was concerned about locking someone in a position of being his presumed successor and then the Members at the time of his retirement having a problem with that person. Mr. Lamson stated that, instead, he wanted to leave all of the doors open, including bringing in someone from outside and promoting someone from the inside. Further, with respect to whether the Authority needs a formal position of Assistant General Manager, Mr. Lamson stated that he could make each department head an Assistant General Manager for his or her department. Accordingly, Mr. Lamson said, the Members needed to discuss this subject and let him know how they want him to proceed.

Mr. Jones then suggested that the Authority should revise the format of the performance evaluation form, particularly where it evaluates Mr. Lamson's completion of goals and projects that by their very nature are never complete. In response to the Members' request, Mr. Huss stated that he would attempt to revise next year's form and present it to the Port Council for their review before bringing it to the Members for their consideration.

Finally, Mr. Lamson stated that he appreciated all of the compliments he had received, but he noted that a lot of this could not have been done without the senior staff and all of the Authority's employees and that he was very proud of the jobs they are doing.

At approximately 10:41 a.m., Mr. Hanover entertained a motion to go into executive session and announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, the deployment of security personnel and devices, contract negotiations with nonunion personnel, the investigation of charges of criminal misconduct and the filing of criminal complaints, and to comply with the public records law with respect to the General Manager's performance evaluation.

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

A TRUE RECORD

JOHN A. TIERNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

July 20, 2010

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 20th day of July, 2010, beginning at 11:00 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 Marc N. Hanover of Dukes County; Vice Chairman Robert S. Marshall of Falmouth; Secretary John A. Tierney of New Bedford; H. Flint Ranney of Nantucket; and Robert L. O'Brien of Barnstable.

Port Council Vice Chairman Robert V. Huss of Oak Bluffs, Port Council Secretary George J. Balco of Tisbury, 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Director of Information Technologies Mary T.H. Claffey; Port Captain Charles G. Gifford; Director of Marketing Kimberlee McHugh; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on June 15, 2010.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for May 2010, 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 more passengers (up 3.5%), more automobiles (up 1.4%), and more trucks (up 0.8%) during that month than during the same month in 2009. Mr. Lamson also reported that the Authority's operating revenues for the month were $105,000 lower than what had been projected, and that the Authority's operating expenses for the month were $242,000 higher than projected, due primarily to higher direct terminal and vessel maintenance expenses. As a result, Mr. Lamson said, the Authority's net operating income for the month of May 2010 had been around $348,000 lower than projected.

Mr. Lamson further reported that, for the first five months of 2010, the Authority's revenues had been $510,000 lower than projected, while its expenses had been only $15,000 higher than budgeted, resulting in a net operating loss of around $8,491,000, approximately $525,000 higher than expected. In response to a question from Mr. Marshall, Mr. Lamson stated that the management staff was continuing to look at the Authority's anticipated revenues and expenses for the remainder of the year, and was cautiously optimistic that the Authority will be able to make up that $510,000 shortfall. However, Mr. Lamson noted that, if revenue for the rest of year came in as projected, the Authority would end up with a $1,600,000 net operating income for the year because of other unbudgeted expenses management knew would be incurred over the following few months

Hyannis Terminal Slip Improvements Project:

Mr. Walker reported that the passenger shelter at the Hyannis terminal would be completed later that day in time for the Authority's "after hours" event with the chamber of commerce on Wednesday. Mr. Walker also reported that the Authority would begin docking the *Iyanough* at the new high-speed ferry slip and having passengers board and disembark there on Thursday.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Walker reported that management was identifying the portions of the *Eagle* mid-life refurbishment project that will be completed when the vessel is dry-docked this winter, and that all of the drawings for those portions are being submitted to the United States Coast Guard for approval. Mr. Walker further reported that, before the end of this year, the Authority will issue an invitation for bids for the remaining portions of the project, and the contract for that work will be awarded in the spring of 2011 for completion after Thanksgiving 2011.

M/V Governor Repairs:

Mr. Walker provided an update on the status of the *Governor*, noting that it has been out of service for several weeks while its drive motors are being repaired. Mr. Walker reported that the vessel should be ready for dock tests by the following Monday, July 26th, and sea trials next Tuesday, July 27th, so that it can be back in service by August 1st, if not sooner. Mr. Walker stated that the repair work was estimated to cost between $100,000 and $125,000.

2011 Winter and Spring Operating Schedules:

Mr. Lamson then asked the Members to approve management's proposed 2011 Winter and Spring Operating Schedules, as described in Staff Summary #RCR 02-10, dated July 14, 2010. Mr. Lamson noted that the only differences between management's proposed schedules and this past year's winter and spring schedules were the starting and ending dates for each season. Specifically, Mr. Lamson stated that, as proposed, the 2011 Winter Operating Schedule will start on January 3, 2011 and end April 14, 2011, and that the 2011 Spring Operating Schedule will then start on April 15, 2011 and end May 23, 2011 (resulting in the 2011 Summer Operating Schedule starting four days later than this year). Mr. Lamson further reported that the proposed schedules were the same ones that had been presented the prior month on a preliminary basis and that the Port Council had voted to recommend their approval at their meeting on July 7, 2010.

Mr. Ranney asked Mr. Lamson if the *Martha's Vineyard* could provide service on the Nantucket route instead of the *Nantucket* from January through April 2011 because the MRI truck was not able to travel on the *Nantucket*. But Mr. Lamson noted that the reason the MRI truck could not travel on the

Nantucket was because it cannot be loaded onto the vessel at Hyannis during high tides due to the steep slope of the transfer bridge at Slip #1, and that the problem should be resolved when the Authority raises the elevation of the foundation of that transfer bridge later this year. However, Mr. Ranney also suggested that the Authority would be less likely to have cancelled trips with the *Martha's Vineyard*. In response, Mr. Lamson stated that he and Mr. Rozum would discuss the matter with the terminal managers.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Marshall -- to approve the 2011 Winter and Spring Vessel Operating Schedules in the form attached to Staff Summary #RCR 02-10, dated July 14, 2010.

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

Discounted Passenger Fare for Frequent
Medical Travel on the High-Speed Ferry:

Mr. Lamson advised the Members that management was recommending that the Authority establish a 50% reduced rate for Nantucket residents who need to travel on the *Iyanough* for ten or more round trips during a three-month period for medical treatments on the mainland. Mr. Lamson noted that the Nantucket Cottage Hospital and Our Island Home are already able to purchase 10-ride ticket books for the *Iyanough* and distribute the coupons among different Nantucket residents who do not need to travel that often for medical treatments, effectively providing them with 20% discount from the regular fare. Accordingly, Mr. Lamson stated that, in order to be able to travel on the *Iyanough* at this even further reduced rate, a Nantucket resident (as well as his or her companion) must have at least ten scheduled medical appointments over a three-month period with the same medical condition, must provide supporting document from a doctor or medical office, and must request and arrange the reservations through the Reservation Manager or supervisor at the Mashpee office.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to establish a 50% reduced rate for Nantucket residents (and their companions) who need to travel on the *Iyanough* for ten or more round trips during a three-month period for medical treatments on the mainland, as recommended by management in Staff Summary #RCR 03-10, dated July 14, 2010.

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

Inter-Island Motorcycle Excursion Rate:

Mr. Lamson advised the Members that management was recommending that the Authority establish a new inter-island motorcycle excursion fare that would allow customers eligible for excursion fares to purchase inter-island motorcycle excursion fare tickets for round-trip travel between the islands (by way of the Authority's two mainland terminals), provided that all four legs of the round trip between the islands are completed within 31 days. Mr. Lamson stated that management's proposed rates were $158 from May 15th through September 14th, and $110 from September 15th through May 14th, and that they represented the combined total of the motorcycle excursion fares for each island.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to establish an inter-island motorcycle excursion rate, as recommended by management in Staff Summary #TPF 2010-3, dated July 15, 2010.

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

2011 Budget Policy Statement:

Mr. Davis asked the Members to approve management's proposed 2011 Budget Policy Statement that sets forth the guidelines that will be used in the preparation of the Authority's 2011 Operating Budget. Mr. Davis stated that the proposed Budget Policy Statement would require management, among other things, to identify significant terminal repairs and maintenance that will need to be accomplished, to schedule the vessels that will be dry-docked (the *Martha's Vineyard*, the *Eagle*, the *Nantucket*, the *Gay Head* and the *Katama*), to take into account the Authority's expected training expenses due to the continuation of STCW basic training, Marine Evacuation Slide (MES) training and other programs, and to factor in health care and insurance costs.

Mr. Davis noted that, of course, the most difficult expense to estimate for next year will be the cost of fuel oil. However, Mr. Davis stated that, as a result of the hedge program for vessel fuel the Authority instituted more than a year ago, its fuel oil requirements for all of 2011 are already effectively capped at an average cost of $3.15 per gallon. Nevertheless, Mr. Davis said, the budgeted cost of vessel fuel oil for 2011 will be based on the projected forecasts plus the premium cost of the hedging program. In addition, Mr. Davis noted that the Authority will continue to make fuel and energy conservation a priority in both land and sea operations, and will continue to make schedule modifications and trip consolidations whenever practical.

Mr. Davis reported that, at their meeting this month, the Port Council had voted to recommend that the proposed 2011 Budget Policy Statement be approved. Under the statement, Mr. Davis said, management would prepare a preliminary budget using these guidelines and then present it to the Members for discussion in September, and that the Members would not be asked to approve the final version of the budget until October.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to approve the 2011 Budget Policy Statement, as proposed by management in Staff Summary #A-519, dated July 14, 2010.

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

Port Council's Report:

Mr. Huss reported that, at their last meeting, the Port Council had discussed almost everything that the Members had considered that day and, in addition, Nantucket Port Council member Nathaniel Lowell had suggested the possibility of operating the third daily freight trip on the Nantucket route during the winter schedule only on Fridays. Mr. Huss noted that Mr. Rozum had stated that he would keep any eye on the need for that trip during the winter schedule.

Mr. Huss also reported that the Port Council had once again discussed whether the Authority could market and sell merchandise with the Authority logo, and that Mr. Davis had responded by saying that he would look into that again to see whether something could be done. However, Mr. Marshall noted that he recently had reviewed all of the merchandise being sold by Boston Culinary Group beside Slip #1 in Woods Hole, and that there was nothing that he would want the Authority to sell. In this regard, Mr. Marshall declared that if the Authority were going to sell any merchandise, it would have to have an exceptional logo, design, product and manufacturer.

But Mr. Balco observed that there were a lot of manufacturers of good products, even on the islands, and that the Authority could sell many items that would be a natural fit with the Authority, such as Nantucket lightship baskets with a steamship on top, boating jackets, ties, belts and outerwear. In addition, Mr. Balco noted that the Authority's website has several million hits each year, and the Authority could feature a particular item to sell each week in order to increase its revenues. Mr. Ranney agreed, recounting how he had bought a coffee cup as a memento of his travels, and he thought that people traveling to the islands would do the same thing. Nevertheless, Mr. Marshall emphasized that the Authority should stick to running the boat line, and he suggested that, if the Authority began a merchandising program, it should do so by licensing it out.

Ferry Service between Falmouth and Vineyard Haven:

Mr. Marshall stated that he was troubled by the fact that a private ferry service was operating between Falmouth and Vineyard Haven that summer, even though it was not subject to the Authority's licensing jurisdiction because the ferry's capacity did not exceed 40 passengers. Mr. Marshall observed that the ferry's schedule for July and August alone allowed for 24,000 passengers to be carried between Falmouth and Vineyard Haven, which represented as much as $12,000 in lost passenger embarkation fees by the two port communities, as well as lost parking revenues and $200,000 of lost ticket revenues by the Authority. Mr. Marshall further noted that this ferry was costing both the port communities and the Authority money, as it was in direct competition with the Authority during the time it "skimmed" the summer market before shutting down in mid-October.

In response to a question from Mr. Ranney, Mr. Davis stated that the Authority does monitor private ferries operating between the Massachusetts mainland and the island to make certain they are not violating the Authority's licensing powers, and that the Authority had in fact monitored this particular ferry's trips the prior week. Of the four trips observed, Mr. Davis said, two had been cancelled and the other two operated with fewer than 20 passengers.

Mr. Marshall declared that this would continue to be an issue for him, and that the Authority should at least receive license fees from this service for the passengers being diverted from the Authority's boats. Mr. Marshall also stated he was going to make the Falmouth Selectmen aware of the situation, and he asked Mr. Balco to also inform the Tisbury Selectmen of the passenger embarkation fees the town was losing as a result of the service.

Ambulance Fares:

Mr. Hanover observed that there recently had been an increase in the number of ambulance trips from Oak Bluffs on the Authority's boats on a daily basis, and he expressed concern that, while the ambulances were making a substantial profit on their trips, the Authority was granting them a half-price fare while at the same time providing them priority boarding, resulting in other customers being bumped from their reserved trips and being paid refunds for traveling on later boats. In response, Mr. Lamson stated that he would look into the situation and present the Members with a recommendation on how to address the problem at their next meeting.

New Vessel:

Mr. Hanover stated that he was concerned about the Authority's need for a new vessel, particularly with the *Governor* being out for repairs for such a long time that summer, and that he felt the Authority should expedite the planning for such a new vessel so that it will be ready to proceed when it has sufficient funds. Mr. Lamson agreed, and stated that he thought the Authority should explore the possibility of acquiring or building a medium size freight boat with more capacity than the Authority's current freight boats. Mr. Huss further noted that Mr. Lowell had suggested that the Authority needs a high-speed freight boat, and Mr. Marshall asked that any planning for a new freight boat include consideration of whether the Authority should provide freight service from New Bedford.

Music Cruises on the M/V Iyanough:

Mr. Ranney suggested that the Authority designate certain trips of the *Iyanough* which are not full as "music cruises" for which customers could pay an extra charge to be able to listen to live music performances on board the vessel.

At approximately 12:22 p.m., Mr. Hanover entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to collective bargaining and litigation matters, and the Authority's consideration of the purchase, exchange, lease and value of real estate, may have a detrimental effect on the Authority's bargaining, litigating and negotiating positions. Mr. Hanover also announced that the Members would not reconvene in public after the conclusion of the executive session.

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

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

A TRUE RECORD

JOHN A. TIERNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

August 17, 2010

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 17th day of August, 2010, 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 Marc N. Hanover of Dukes County; Vice Chairman Robert S. Marshall of Falmouth; Secretary John A. Tierney of New Bedford; H. Flint Ranney of Nantucket; and Robert L. O'Brien of Barnstable.

Port Council Chairman S. Eric Asendorf of Falmouth; Port Council Vice Chairman Robert V. Huss of Oak Bluffs, Port Council Secretary George J. Balco of Tisbury, and Port Council members Frank J. Rezendes of Fairhaven and Jessica Fernandes 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Director of Information Technologies Mary T.H. Claffey; Reservations and Community Relations Manager Gina Barboza; Director of Marketing Kimberlee McHugh; Director of Human Resources Phillip J. Parent; Martha's Vineyard Terminal Manager Bridget Tobin; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the minutes of the Members' meeting in public session on July 20, 2010.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for June 2010, 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 more passengers (up 3.3%), more automobiles (up 1.2%), and more trucks (up 1.4%) during that month than during the same month in 2009. Mr. Lamson also reported that the Authority's operating revenues for the month were $141,000 higher than what had been projected, although the Authority's operating expenses for the month were also $304,000 higher than projected, due primarily to higher direct terminal and vessel maintenance expenses. As a result, Mr. Lamson said, the Authority's net operating income for the month of June 2010 had been around $163,000 lower than projected.

Mr. Lamson further reported that, for the first six months of 2010, the Authority's revenues had been $368,000 lower than projected, while its expenses had been $319,000 higher than budgeted, resulting in a net operating loss of around $6,449,000, approximately $687,000 higher than expected. In response to a question from Mr. Hanover, Mr. Lamson stated that the preliminary reports for the month of July 2010 were projecting a slightly higher net operating income for the month than what had been projected. As a result, Mr. Lamson said, by August 2010 the Authority should be operating in the black for the year.

In response to a question from Mr. Tierney, Mr. Lamson stated that the new high-speed ferry service being operated by SeaStreak between the New York metropolitan area and Martha's Vineyard could be carrying passengers who otherwise would be traveling from New Bedford, but that the Authority did not yet have passenger counts for those ferry services for the month of July 2010. Mr. Hanover reported that the SeaStreak had ended up canceling its around-the-island cruises on Saturdays because of lack of demand, although he also had heard that Seastreak was considering whether to run high-speed passenger service next year between New York and Martha's Vineyard on Thursdays and Mondays as well as on Fridays and Sundays. In this regard, Mr. Hanover noted that it takes a passenger only five hours to travel between New York and Martha's Vineyard entirely by SeaStreak's high-speed ferry service, compared to the eleven hours it takes to drive and then catch a ferry from New Bedford or Woods Hole.

Hyannis Terminal Slip Improvements Project:

Mr. Walker reported that everything at the Hyannis terminal was operational, although the new high-speed ferry slip was only being used to load and unload passengers on the first and last trips of the day because of work that needed to be done to the passenger shelter. Mr. Walker stated that some of the construction had been unacceptable and, in addition, some material had not arrived on time; but that all of the corrective work will be finished by this coming Thursday.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Walker reported that the work that was originally encompassed in this project will be divided so that all of the underwater hull items are included in the vessel's shipyard overhaul contract this coming off-season. Mr. Walker stated that this will allow more shipyards to bid on the contract for the mid-life refurbishment work that will be awarded next spring and will provide for the work to begin immediately after Thanksgiving 2011.

Ambulance Rates of Fare:

Mr. Lamson asked the Members to approve management's recommendation that, effective November 1, 2010, the Authority charge the same rates for ambulances that it currently charges for commercial vehicles of the same length, except that the new ambulance rate would also include passage for its driver and any passengers. Mr. Lamson stated that the proposed new rates would be approximately twice the amount the Authority currently charges for ambulances; that during the 12-month period ending June 30, 2010, the Authority transported 1,358 ambulances on the Martha's Vineyard route and 57 ambulances on the Nantucket route, or an average of almost two ambulances per day in each direction; and that the ambulances are also accorded preferential boarding in emergency situations (and will continue to have such preferential boarding) which sometimes results in another vehicle with a reservation on that trip being "bumped" in order to accommodate the ambulance (in which event the Authority refunds the one-way fare of the "bumped" vehicle and its passengers).

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Tierney -- to approve the new rates for ambulances effective November 1, 2010, as proposed by management in Staff Summary #GM-560, dated August 11, 2010.

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

Treasurer's Report:

Mr. Davis reported that, during the month of July 2010, the Authority had carried more passengers (up 3.1%), more automobiles (up $3.3%), but fewer trucks (down 3.5%) than it had carried during the same month in 2009. In response to a question from Mr. Marshall, Mr. Davis stated that the decrease in truck traffic was not attributable to the Authority's recent change in how it classifies small trucks, because the Authority had changed the classification of small trucks consistently in its prior comparative reports as well.

Mr. Davis also reported that the Authority net operating income for the month of July 2010 was expected to be approximately $5,800,000, around $200,000 higher than what had been budgeted for the month. Mr. Davis noted that revenue for the month had been $335,000 higher than projections, and that expenses had been around $100,000 higher than projections, resulting in an expected year-to-date operating loss through July 2010 of $650,000, which was around $500,000 higher than budgeted.

Oak Bluffs Terminal Security Roll Shutters:

Mr. Lamson then asked the Members to award Contract No. 11-10 for the supply and installation of two security roll shutters at the Oak Bluffs terminal to the lowest eligible and responsible bidder for the contract, Cape Cod Retractable ScreensNshutters of Mashpee, Massachusetts, for the Total

Contract Price of $28,400. Mr. Lamson stated that the installation of the security shutters will allow the deck and passenger walkway behind the Oak Bluffs terminal to be closed off and secured when the terminal is not in service, and he noted that the contract work was expected to be completed by the end of September 2010. In response to a question from Mr. Hanover, Mr. Walker stated that he did not know why the Authority had received only one bid in response to the invitation for bids, and that in fact he had thought the Authority would receive multiple bids.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to award Contract No. 11-10, "Supply and Installation of Two (2) Security Roll Shutters at the Oak Bluffs Terminal," to the lowest eligible and responsible bidder for the contract, Cape Cod Retractable ScreensN-shutters of Mashpee, Massachusetts, for the Total Contract Price of $28,400.00, as recommended by management in Staff Summary #E 2010-7, dated March 12, 2010.

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

Port Council's Report:

Mr. Huss reported that, at their last meeting, the Port Council had discussed almost everything that the Members had considered that day and, in addition, had reviewed the General Manager's proposed goals for the year July 1, 2010 through June 30, 2011.

Music Cruises on the M/V Iyanough:

Mr. Ranney then asked Mr. Lamson where the Authority stood on having music cruises on the *Iyanough*, which he had suggested at the prior month's meeting. In response, Mr. Lamson stated that management had questioned whether the Authority could recover the cost of the bands which would have to be hired to provide the music cruises, given that the Authority could not charge anyone more to travel on the basis of whether he or she wanted to listen to the band. Mr. Lamson noted that the only alternative would be to locate the band on the upper deck, which would allow the Authority to charge passengers more for going to the upper deck but would present accessibility issues.

Mr. Ranney agreed the Authority should not charge more for traveling on trips that have music cruises, but he noted that he had talked with bands who had said they would perform on the trips for $400 to $500. Mr. Ranney stated that he thought the Authority could schedule the music cruises for trips that were historically less full, and promoted them to attract more passengers. If the promotion did not work, Mr. Ranney said, the Authority would not have to continue them.

Mr. O'Brien agreed with Mr. Ranney that the idea was worth trying, and Mr. Marshall noted that the difference was whether the music ended up being simply an amenity or a revenue generator. After Mr. O'Brien cautioned that the idea's success would depend on how the Authority advertises the music cruises, Mr. Ranney suggested that the Authority try to schedule some in September and October.

Steamship Authority Affinity Credit Card:

Mr. Ranney stated that he had not given up on the idea of the Authority having an affinity credit card. Observing that the Authority had a close relationship with the Woods Hole branch of the Martha's Vineyard Savings Bank, Mr. Ranney suggested that management see whether that bank might be interested in providing one for the Authority.

In response, Mr. Lamson stated that, based upon prior conversations with banks that issue affinity credit cards, the Authority would derive revenue from such cards based on how much interest cardholders pay on their unpaid balances, and he questioned whether that was a policy the Authority should promote. Mr. Lamson also noted that those conversations had taken place before the tightening of the credit markets, and he understood that some banks were no longer offering such programs. Further, Mr. Lamson observed that the Authority would also have to provide incentives to customers to sign up for these cards, and he wondered whether the Authority would make enough money from the interest on the customers' unpaid balances to pay for those incentives. Nevertheless, Mr. Lamson said, if the Members felt that this was where the Authority should be heading, management could attempt to obtain a proposal for their consideration.

Mr. Ranney stated that he felt management should attempt to obtain a proposal, and Mr. Marshall agreed, noting "nothing ventured, nothing gained." However, Mr. Tierney questioned whether such a program was really part of the Authority's purpose, and Mr. Balco also cautioned that the new credit laws may have tightened so much that such a program may no longer be attractive or even possible.

Ferry Service between Falmouth and Vineyard Haven:

Mr. Marshall declared that he was still disturbed by the private ferry service being provided between Falmouth and Vineyard Haven, and he asked if the Authority knew how many passengers it was carrying. Mr. Davis stated that the Authority had observed the ferry on a fairly regular basis, and that there have been only a few occasions where the ferry has carried more than ten passengers on any particular trip. Nevertheless, Mr. Marshall observed that every passenger carried by that ferry instead of by the Authority was costing both the Town of Falmouth and the Town of Tisbury a passenger embarkation fee.

Other Sources of Revenue:

In response to a question from Mr. Tierney as to whether the revenue generated by the "penny press" on board the *Eagle* was worth the noise it makes, Mr. Davis stated that he would provide the Members with a report on the amount of revenue generated not only by that item, but by all of the other amenities (including computer games) on board the Authority's vessels.

General Manager's Goals:

Mr. Lamson then reviewed with the Members his proposed goals for the year July 1, 2010 through June 30, 2010, as he had drafted them in a revised document dated August 9, 2010. With respect to certain of the goals listed in that document, Mr. Lamson noted:

(a) Goal #1 included all of the Authority's ongoing capital projects, not just the proposed modifications to the Authority's passenger loading ramps and platforms. Accordingly, included in that goal were also the *Eagle* Mid-Life Refurbishment Project, and another transfer bridge at the Authority's Fairhaven Vessel Maintenance Facility.

(b) Although Goal #3, the development of a succession plan, had been on his list of goals for the prior two years, it would be addressed this coming year.

(c) With respect to Goal #4, Mr. Lamson had received a few complaints about how confusing the Authority's current website is, and management was in the process of developing a request for proposals from firms that specialize in redesigning websites.

(d) Goal #6 had been slightly revised as a result of the Port Council's discussion at their meeting earlier that month. The goal now includes looking at the Authority's existing fleet to estimate what remaining service life each vessel has and what replacement program is needed to provide the right mix of boats. This goal also includes looking again at the possibility of providing service from New Bedford, at least during the summer months.

After Mr. Lamson finished, Mr. Marshall acknowledged that it was a very comprehensive list of goals, but he asked why there was nothing included about the development of the consolidated parking lot at Thomas B. Landers Road. In response, Mr. Lamson stated that the Authority would not be able to begin developing that parking lot by June 30, 2011, although he announced that the Authority had filed its Draft Environmental Impact Report addressing all of the environmental issues that had been raised.

Mr. Ranney stated that he liked Mr. Lamson's proposed list of goals, but he felt it included more than Mr. Lamson could accomplish in one year. With respect to Goal #7, Mr. Ranney noted that he would love to have customers be able to board the Authority's boats using "Easy Passes," but with respect to Goal #9, Mr. Ranney asked why there was no similar mention of the proposed reconstruction of the Nantucket terminal. In response, Mr. Lamson stated that, although there had been some ideas developed (including the possible relocation of the Nantucket ticket office), the Nantucket terminal reconstruction was further down on the list.

In response to a question from Mr. O'Brien, Mr. Lamson stated that the order of the goals did not reflect any significance in terms of priorities and that some of them were pretty straightforward. Mr. O'Brien then asked Mr. Lamson if he could come back with a revised list of goals that ordered them based upon their priority so that there would be a better sense of what the basis should be for Mr. Lamson's performance evaluation. Mr. Lamson also noted that while some of the goals could be accomplished in the upcoming year, other goals could not and perhaps those should be revised to make it clear that the objective is simply to begin working on those issues or to initiate the planning process.

In response to a question from Mr. Hanover, Mr. Lamson stated that the Woods Hole terminal last had significant work done to it in the 1980s and that the transfer bridges needed to be lengthened. Mr. Walker also stated that he did not know what fill was underneath the pier, although the fill underneath the end of the pier was known to be unsatisfactory and most of the sheet pile around the terminal needed to be replaced. In this regard, Mr. Marshall noted that the Authority needed to consider how the new consolidated parking lot at Thomas B. Landers Road should play into any proposed reconstruction of the Woods Hole terminal.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to approve the General Manager's Goals for the year July 1, 2010 through June 30, 2011, as presented by the General Manager in his document dated August 9, 2010; recognizing, however, that not all of the goals can be accomplished in the upcoming year and that the list should be revised so that the goals are listed in the order of their importance.

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

At approximately 11:44 a.m., Mr. Hanover entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to collective bargaining and litigation matters, and the Authority's consideration of the purchase, exchange, lease and value of real estate, may have a detrimental effect on the Authority's bargaining, litigating and negotiating positions. Mr. Hanover also announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. 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, and deployment of security personnel and devices, or strategies with respect thereto.

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

A TRUE RECORD ______________________________

JOHN A. TIERNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

September 21, 2010

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 21st day of September, 2010, 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 Marc N. Hanover of Dukes County; Vice Chairman Robert S. Marshall of Falmouth; Secretary John A. Tierney of New Bedford; H. Flint Ranney of Nantucket; and Robert L. O'Brien of Barnstable.

Port Council Vice Chairman Robert V. Huss of Oak Bluffs, Port Council Secretary George J. Balco of Tisbury, 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Director of Information Technologies Mary T.H. Claffey; Reservations and Community Relations Manager Gina Barboza; Director of Human Resources Phillip J. Parent; Nantucket Terminal Manager Elaine Mooney; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the minutes of the Members' meeting in public session on August 17, 2010.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for July 2010, 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 more passengers (up 3.1%), more automobiles (up 3.3%), but fewer trucks (down 3.5%) during that month than during the same month in 2009. Mr. Lamson also reported that the Authority's operating revenues for the month were $253,000 higher than what had been projected, and that the Authority's operating expenses for the month were also $48,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $5,813,000, approximately $205,000 higher than projected.

Mr. Lamson further reported that, for the first seven months of 2010, the Authority's revenues had been $115,000 lower than projected, while its expenses had been $367,000 higher than budgeted, resulting in a net operating loss of around $636,000, which was approximately $482,000 higher than expected. In response to questions from the Members, Mr. Lamson stated that the Authority had transferred more money into the sinking fund than originally called for in the budget because the Authority had sold an additional $10,000,000 of Steamship Bonds after the budget had been approved and the sinking fund is used to pay the Authority's debt requirements within the next year. As a result, Mr. Lamson said, the amount of transfers into the bond redemption account would be somewhat less than budgeted, although he noted that management had reviewed the Authority's outstanding bond issues and none of them were callable within the near future. Mr. Lamson also noted that, importantly, the Authority was still fully funding the replacement fund.

Proposed 2011 Summer and Fall Operating Schedules:

Mr. Lamson presented management's preliminary draft of the proposed 2011 Summer and Fall Operating Schedules, as set forth in Staff Summary #RCR 04-10, dated September 16, 2010, which he stated were patterned after the Authority's 2010 Summer and Fall Operating Schedules except for the following proposed changes:

- On the Martha's Vineyard route, management was recommending that the *Sankaty* take the place of the *Governor* during the height of the summer schedule (June 23, 2011 through September 8, 2011) and that it berth overnight in Vineyard Haven instead of Woods Hole during this period. As a result of this change, the last daily 10:50 p.m. freight trip from Vineyard Haven would be eliminated, but in its place the Authority would be able to add a daily 6:15 a.m. freight trip from Vineyard Haven. This will allow more trucks to leave the island earlier in the morning, thereby freeing up space on other morning off-island trips for more cars.

- On the Nantucket route, management was recommending to move the departure time for Trip 101 (operated by the *Nantucket* during the height of the summer and over Memorial Day weekend and by the *Sankaty* from late May through June 22nd) from 7:30 a.m. to 7:15 a.m. to allow trucks a little extra time on Nantucket before returning to the mainland the same day. Management was also recommending that Trip 310, which leaves Nantucket at 7:45 p.m., be designated as a hazardous freight trip, which will allow hazardous trucks to leave Hyannis later in the morning (on the 11:30 a.m. hazardous freight trip instead of on the 6:00 a.m. hazardous freight trip) and still be able to return to the mainland the same day. This will hopefully free up more space on the 6:00 a.m. hazardous freight trip for other shippers. Finally, management was proposing that Trips 109 and 112, which leave Hyannis at 6:30 p.m. and return from Nantucket at 9:00 p.m., be unscheduled trips during the period from May 24th through June 22nd but be available to book, if necessary.

Mr. Lamson stated that, otherwise, the proposed schedules were the same as the Authority's 2010 Summer and Fall Operating Schedules, except for slight differences in their starting and ending dates. Mr. Lamson also stated that the proposed schedules were being presented only for informational purposes that day, and that they would not have to be approved until the Members' next meeting in October 2010. In addition, Mr. Lamson said, management would be meeting with various trucking firms beginning the next day (at 2:00 p.m. in Woods Hole) and continuing through the following week (at 2:00 p.m. on September 24, 2010 in Vineyard Haven, at 9:30 a.m. on October 1, 2010 on Nantucket and at 2:00 p.m. on October 1, 2010 in Hyannis) to hear any suggestions they might have.

Mr. Ranney observed that the Authority did not have enough capacity on the Nantucket route after Labor Day this year because it had reduced service too soon. Mr. Lamson acknowledged the problem, and noted that the situation had been somewhat alleviated after the Authority began making the freight boat available for cars to reduce the backlog of standby customers. In the proposed 2011 Summer Operating Schedules, Mr. Lamson said, the service on the Nantucket route would be reduced on September 9th, four days after Labor

Day, and management would make as much space as possible on the freight boat available for cars sooner than it did this year.

Mr. Hanover declared that having the *Sankaty* berth overnight on Martha's Vineyard during the summer in order to add an off-island freight boat trip at 6:15 a.m. was a great idea, and he predicted that it would open up a lot of space for other customers on the other early morning trips. Mr. Lamson noted that this was possible only because management was proposing not to use the *Governor* during the summer, which cannot berth overnight on the island due to its lack of crew quarters.

Proposed Online Customer Feedback Form:

Mr. Lamson advised the Members that management had developed a proposed customer feedback form which would be made available on the Authority's website by the end of that month for customers to complete and send to the Authority with suggestions, compliments or complaints about its service. Mr. Lamson stated that each comment will be read and forwarded to the appropriate department for further review and a response, and that he planned to prepare a summary of the comments received each month, which he felt should be helpful in identifying where the Authority needs to focus its efforts to improve its customers' overall experience with the Authority's service.

Mr. Ranney declared that he thought the customer feedback form was an outstanding idea, and he observed that management also had recently issued a request for proposals from web design firms to redesign the Authority's website. Mr. Lamson reported that 35 to 40 firms had requested copies of the request for proposals, and that management hoped to have a recommendation at the Members' November 2010 meeting regarding an award of a website redesign contract. In response to a question from Mr. Hanover, Mr. Lamson stated that, in evaluating the proposals, management would review each firm's prior work and that an evaluation committee comprised of the Authority's Director of Marketing Kimberlee McHugh (as chair), Ms. Claffey, Mr. Rozum, Ms. Barboza and himself, had been established for that purpose.

In response to a question from Mr. Marshall, Mr. Lamson reported that the online customer feedback form had been developed in house by one of the Authority's programmers, Curt Van Riper, and that the comments would go to Mr. Lamson's Executive Secretary, Pat Needre, for distribution each day. In response to a question from Mr. O'Brien, Mr. Lamson stated that management then intended to respond to each comment by email. Mr. O'Brien observed that, if the Authority intended to respond to the comments by email, there was no need to require customers to provide their mailing addresses, and he suggested that the place on the form for customers to provide their mailing addresses be eliminated to simplify the process.

Mr. Marshall stated that he tended to be somewhat skeptical of surveys comprised of customer comments, and he cautioned that the Authority should not overreact when it receives emails from a few of the 2,000,000 passengers it carries each year. Mr. Marshall also noted that the Authority's older customers are the ones who are less likely to send their comments by email, and his biggest concern is that all comments will need to be thoughtfully analyzed.

Proposed 2011 Operating Budget:

Mr. Davis then presented the Members with management's preliminary proposed 2011 Operating Budget, as set forth in Staff Summary #A-520, dated September 16, 2010, for their review and comments, noting that the Members will not need to approve the budget until their next meeting in October 2010. Mr. Davis noted that, in 2011, the Authority's operating expenses were expected to increase by $2,400,000 over management's current 2010 estimate, which represented an increase of around 3.1%. Mr. Davis also noted that the estimate for 2010 is based on seven months of actual expenses (January through July) and five months of budgeted expenses (August through December). Mr. Davis stated that six expense items accounted for the bulk of the increase:

- Wages were expected to increase by $328,000 (or 1.1%) with vessel payroll increases being offset by reduced repair wages.

- Health care and pension costs were expected to increase by $210,000 (or 1.7%) and reflected the increase in the contribution to be paid by employees towards the cost of their health care.

- Payroll taxes were expected to increase by $38,000 (or 1.8%) over the estimate for 2010.

- Depreciation expense was expected to increase by $99,000 (or 1.1%) for the estimate for 2010, as it will include a full year of depreciation on the Oak Bluffs Pier Reconstruction Project and the Hyannis Slip Improvements Project.

- Vessel fuel oil expense is expected to increase by $715,000 (or 9.9%), based upon an estimate that the price of crude oil will range between $77 and $81 per barrel in 2011 instead of its current price of $75 per barrel.

- Vessel maintenance expense is expected to increase by $851,000 (or 30.6%), as five vessels (the *Martha's Vineyard*, the *Nantucket*, the *Eagle*, the *Katama* and the *Gay Head*) are scheduled to be dry-docked during 2011, although overall maintenance expense is expected to increase by only $326,000 (or 3.6%), due to slightly lower terminal repair expenses.

Mr. Davis reported that, without any rate increases, management had projected operating revenues of $81,348,000 for 2011, representing a $476,000 (or 0.6%) increase from its estimate for 2010. Therefore, Mr. Davis observed that $2,550,000 of additional revenues (through an overall 3.1% fare increase) will be needed to cover next year's estimated cost of service and provide a sufficient net operating income of $3,440,000 to meet the Authority's debt service requirements and make the appropriate transfers to the replacement fund.

In response to a question from Mr. Ranney, Mr. Davis stated that the cost of the Authority's fuel hedging program was approximately $500,000 per year, and that the price of 92% to 93% of the Authority's fuel already was hedged through 2011 at an average cap per gallon of $3.15 (with the proposed 2011 Operating Budget based on the assumption that the delivered price of fuel will range between $2.77 and $2.92 per gallon, with an overall average of $2.84). Mr. Ranney suggested that management consider hedging less of the Authority's fuel needs, possibly only that portion during the summer or using some other measure. In this regard, Mr. Ranney noted that if fuel prices did not increase to $3.15 a gallon, the Authority would save some of that $500,000, and that if fuel prices did increase the Authority could impose a fuel surcharge to make up the difference. Mr. Ranney observed that the question was how much of the risk of price escalation the Authority should assume itself, thereby saving money now although possibly being required to spend more money later.

But Mr. Marshall stated that he thought too much of the Authority's money was at stake not to hedge the price of fuel, and Mr. Hanover observed that it would take only one terrorist act to cause fuel prices to skyrocket once again. However, Mr. Lamson noted that the Members had adopted a policy to guide management in this area, and that perhaps it should be reviewed to see whether any adjustments were appropriate. Mr. Ranney agreed, and stated that he simply thought this was a subject that should be considered.

Mr. Marshall then observed that management had proposed a modest increase in the Authority's advertising budget, and he asked Mr. Lamson to make certain that the increase was enough to continue to make improvements in the Authority's marketing plan. Mr. Marshall declared that he liked very much the Authority's current marketing efforts, and its emphasis on the Authority's service, price and schedule availability, and he felt that the more the Authority advertised in this manner the better off it would be. Accordingly, both Mr. Marshall and Mr. O'Brien asked Mr. Lamson to take another look at that budget item.

Proposed 2011 Rate Adjustments:

Mr. Davis reported that, based upon an allocation of projected revenues and cost of service for 2011, management was recommending that $2,550,000 of proposed fare increases be structured so that $1,050,000 is raised from the Martha's Vineyard route and $1,500,000 is raised from the Nantucket route, as set forth in Staff Summary #A-521, dated September 16, 2010. Specifically, Mr. Davis stated:

- Management was proposing that almost all of the $1,050,000 fare increase on the Martha's Vineyard route be in the form of increased passenger fares. This would result in a one-way adult fare of $7.50 (instead of $7.00) with corresponding increases in all of the Authority's discounted passenger fares, and slight increases in the excursion fares (based on a $0.50 passenger fare increase for each segment of the round trip for two adults). Management was also proposing that the extended load rate be increased from $10 to $12.50 and that the rate for bicycles, surfboards and windsurfers be increased from $3 to $4.

- With respect to the Nantucket route, management was proposing that both the conventional and high-speed passenger fares be increased by $1.00, with corresponding increases in all of the Authority's discounted passenger fares and slight increases in the excursion fares (based on the $1.00 passenger fare increase for each segment of the round trip for two adults); that the regular one-way automobile rates be increased by $10.00; that commercial vehicle rates generally be increased by 5%; that the Authority's Hyannis parking rates in the shoulder seasons be increased from $10/day to $12/day; that the extended load rate be increased from $20 to $25; and that the rate for bicycles, surfboards and windsurfers be increased from $6.00 to $7.00.

In response to Mr. Davis' report, Mr. Ranney declared that he hated rate increases. Mr. Marshall then suggested that one area where the Authority might want to consider raising rates was its Woods Hole and Falmouth parking rates, which he thought were too low. But Mr. Hanover stated that he would rather not consider raising those rates if the Authority did not need to do so.

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

Mr. Davis then 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, 2010, with the fee for this year's services being $115,000 (the same fee Deloitte & Touche has charged the Authority for the last two years). Mr. Davis also stated that, because the Authority will be expending more than $500,000 this year of federal grant money, it will again have to have an additional audit focused on those federally funded projects, and that Deloitte & Touche's supplementary fee for this additional audit would be $25,000, the same as it was last year.

In response to a question from Mr. Ranney, Mr. Davis stated that the type of audits conducted by Deloitte & Touche were not designed to detect an embezzlement of the kind that had been perpetrated upon the Authority by one of its former bookkeepers and discovered in September 2009, because their sampling sizes are not large enough to ensure detection. Messrs. O'Brien and Marshall agreed, and recounted how the Authority's audit committee had participated in a lively discussion with Deloitte & Touche about that subject at their last annual meeting. Mr. Davis stated that management nevertheless was in the process of formalizing the Authority's accounting policies and procedures manual and its internal risk assessment practices, which will then be reviewed by Deloitte & Touche as well. Ultimately, Mr. Marshall said, Deloitte & Touche had no material concerns about the Authority's accounting practices and he was comfortable with that firm continuing to perform the Authority's audits because they have been very thorough and have had no hesitancy to bring issues to the Members' attention when warranted.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to reappoint Deloitte & Touche LLP as the Authority's independent auditor to provide a comprehensive financial audit and related services for the fiscal year ending December 31, 2010 for a fee of $115,000, and to conduct a Circular No. A-133 audit for an additional fee of $25,000, as recommended by management in Staff Summary #A-522, dated September 16, 2010.

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

M/V Sankaty Dry-Dock and Overhaul Services:

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Tierney -- to award Contract No. 09-10 for the dry-dock and overhaul services for the M/V Sankaty to the lowest eligible and responsible bidder for the contract, Derecktor Shipyards Connecticut, LLC, of Bridgeport, Connecticut, for the Total Contract Price of $234,512, as recommended by management in Staff Summary #E 2010-11, dated September 16, 2010.

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

Design, Build and Delivery of Aluminum Passenger Loading Decks:

Mr. Lamson asked the Members for authorization to award Contract No. 10-10 for the design, building and delivery of aluminum passenger loading decks to the lowest eligible and responsible bidder for the contract following management's review of the bids submitted for the contract. Mr. Lamson stated that the scope of work under this contract will require the contractor to design and fabricate new passenger platforms and platform extensions, fixed ramps and hydraulic gangways at the Authority's Woods Hole, Vineyard Haven, Oak Bluffs and Nantucket terminals, and that the gangways will also be equipped with wheels, rollers and hand operated hydraulic lifts for alignment with various vessels. Mr. Lamson also noted that a separate contract will be awarded later this year for the installation of the new structures. Mr. Lamson reported that, although management had not yet completed its review of the bids, which had been submitted the previous day, it appeared that the lowest eligible and responsible bidder for the contract was Ravens Marine, Inc., of Kissimmee, Florida, who submitted a bid in the amount of $725,732.

In response to a question from Mr. Ranney, Mr. Walker confirmed that management was also exploring the possibility of installing a passenger ramp to unload passengers from the side of the *Iyanough* at the Hyannis terminal, but that the Authority would first need to obtain a variance for the ramp from the Massachusetts Architectural Access Board.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract No. 10-10 for the design, building and delivery of aluminum passenger loading decks to the lowest eligible and responsible bidder for the contract following management's review of the bids that were submitted for the contract, as recommended by management in Staff Summary #E 2010-11, dated September 16, 2010.

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

M/V Governor Dry-Dock and Overhaul Services:

Mr. Lamson asked the Members for authorization to award Contract No. 12-10 for dry-dock and overhaul services for the *Governor* to the lowest eligible and responsible bidder for the contract following the bid opening on September 30, 2010. Mr. Lamson reported that the *Governor* would be in the shipyard from mid-November 2010 through mid-December 2010 to undergo a required hull exam, machinery inspections and underwater hull cleaning and painting.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to authorize the General Manager to award Contract No. 12-10 for dry-dock and overhaul services for the M/V Governor to the lowest eligible and responsible bidder for the contract following management's review of the bids that are submitted for the contract, as recommended by management in Staff Summary #E 2010-12, dated September 16, 2010.

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

Hyannis Terminal Transfer Bridge Modifications:

Mr. Lamson then asked the Members to award Contract No. 16-10 for transfer bridge modifications at the Hyannis terminal to the lowest eligible and responsible bidder for the contract, Canio Construction LLC, of Walpole, Massachusetts, for the Total Contract Price of $117,200. Mr. Lamson noted that the scope of work will require the contractor to raise the fixed end of Slip #1's transfer bridge twelve inches to assist with the loading and unloading of vessels at high tide, and also to re-grade the staging area, adjust drainage to the new catch basin, extend the piping utilities for sewer and fuel, and re-grade the concrete plaza. Mr. Lamson stated that management was scheduling the work to begin October 18, 2010 so that it is completed by November 8, 2010, and that during construction, all vehicle ferries will be required to use Slip #2.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to award Contract No. 16-10 for transfer bridge modifications at the Hyannis terminal to the lowest eligible and responsible bidder for the contract, Canio Construction LLC, of Walpole, Massachusetts, for the Total Contract Price of $117,200, as recommended by management in Staff Summary #E 2010-13, dated September 15, 2010.

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

Oak Bluffs Terminal Conduit Cover:

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to award Contract No. 17-10 for conduit construction and installation at the Oak Bluffs terminal to the lowest eligible and responsible bidder for the contract, AGM Marine Contractors, Inc., of Mashpee, Massachusetts, for the Total Contract Price of $22,450, as recommended by management in Staff Summary #E 2010-14, dated September 15, 2010.

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

FURUNO Universal AIS Transponders FA 150 Units:

Mr. Lamson asked the Members to award Contract No. 19-10 for the supply of nine FURUNO Universal AIS (Automatic Identification System) Transponders FA150 units to the lowest eligible and responsible bidder for the contract, Bardwell Electronics, of Vineyard Haven, Massachusetts, for a Total Contract Price of $30,438. Mr. Lamson noted that AIS is an information and communications system that utilizes VHF frequencies to send and receive data between suitably equipped vessels and between suitable equipped vessels and shore stations, and that last year the Authority received a grant under the 2009 Port Security Grant Program for the purchase and installation of these units.

In response to questions from the Members, Mr. Walker stated that it will cost an additional $50,000 to install the units on the Authority's vessels, but that this additional cost was covered within the total grant amount of $86,752. Mr. Lamson also noted that, once the units are installed, the Authority will be able to see the positions of its vessels and determine their estimated times of arrival, and will also be able to become part of a coordinated network with the Cape Cod Regional Transit Authority. However, Mr. O'Brien emphasized that the most important benefit of installing these units will be the improvement to the safety of the Authority's operations, as their primary function is to serve as anti-collision devices.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to award Contract No. 19-10 for the supply of nine FURUNO Universal AIS (Automatic Identification System) Transponders FA150 units to the lowest eligible and responsible bidder for the contract, Bardwell Electronics, of Vineyard Haven, Massachusetts, for a Total Contract Price of $30,438, as recommended by management in Staff Summary #OPS 2010-1, dated September 16, 2010.

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

Port Council's Report:

Mr. Huss reported that the Port Council had discussed almost everything at their last meeting that the Members had considered today and, in addition:

- Mr. Walker reported on the Authority's capital projects;
- Mr. Jones suggested that the Authority write a letter to the United States Army Corps of Engineers regarding the shoaling problems in Hyannis;
- Mr. Asendorf asked management to consider putting up a wind turbine at the Authority's new parking lot on Thomas Landers Road; and
- Ms. Claffey gave an extremely informative and excellent presentation about the Authority's website.

Mr. Huss also stated that, in response to the Members' discussion that day regarding how much of the Authority's fuel needs should be subject to its fuel hedging program, Mr. Jones would see whether he could develop any specific parameters to help guide management when making those types of decisions.

Music Cruises on the M/V Iyanough:

In response to a question from Mr. Ranney, Mr. Lamson reported that the Authority had its first music cruise on the *Iyanough* the previous Saturday, but that no one had purchased any tickets to hear the band. Mr. Lamson stated that hopefully there would be a better turnout for this coming week's music cruise and that the Authority has music cruises scheduled for three more weeks, each one with a different band. Mr. Ranney stated that he had not seen any advertisements for the music cruise, and he noted that no one is going to show up for them if nobody knows about them. Therefore, Mr. Ranney suggested that the Authority use its email alert system to inform customers about the remaining upcoming cruises.

M/V Eagle Mid-Life Refurbishment Project:

In response to a question from Mr. Ranney, Mr. Walker stated that the installation of handrails on the *Eagle* would be included as part of the *Eagle* Mid-Life Refurbishment Project, and that he would report back to Mr. Ranney on that subject.

The Authority's Reservation Offices:

The Members commended all of the employees in the Authority's Reservation Offices for the tremendous reduction in the amount of time that customers had to wait on the phone before their calls were answered by a Reservations Clerk in August 2010. Mr. Ranney noted that, in August 2009, a customer's average wait time was 2:54 minutes, while in August 2010, it dropped to 1:13 minutes. Mr. Hanover also observed that this achievement was even more impressive when one realized that the Reservation Clerks answered 78,649 telephone calls in August 2010, a 20% increase from the 65,531 telephone calls they answered in August 2009.

Steamship Authority Affinity Credit Card:

Mr. Lamson reported that a bank had advised the Authority that it would be interested in issuing an Authority affinity card only if the Authority could guarantee a minimum of 15,000 cardholders, and that he questioned whether the Authority could offer a sufficient incentive for that many people to sign up. However, Mr. Ranney stated that he still thought the idea was worth pursuing.

Authority Meeting Schedule:

At Mr. Hanover's request, the Members agreed to change the date of the next Authority meeting from Tuesday, October 19, 2010 to Tuesday, October 26, 2010, beginning at 9:30 a.m. at the Hyannis terminal.

General Manager's Goals:

Mr. Lamson noted that he had given the Members a slightly revised list of his goals for the upcoming year in which he had specified the extent to which he expected to complete each goal by June 30, 2011. In response, Mr. O'Brien stated that the revised list satisfied the concerns that he had expressed at last month's meeting.

At approximately 10:52 a.m., Mr. Hanover entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to collective bargaining and litigation matters, and the Authority's consideration of the purchase, exchange, lease and value of real estate, may have a detrimental effect on the Authority's bargaining, litigating and negotiating positions. Mr. Hanover also announced that the Members would not reconvene in public after the conclusion of the executive session.

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

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

A TRUE RECORD

JOHN A. TIERNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

October 26, 2010

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 26th day of October, 2010, 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 Marc N. Hanover of Dukes County; Vice Chairman Robert S. Marshall of Falmouth; Secretary John A. Tierney of New Bedford; H. Flint Ranney of Nantucket; and Robert L. O'Brien of Barnstable.

Port Council Chairman S. Eric Asendorf of Falmouth, Port Council Vice Chairman Robert V. Huss of Oak Bluffs, Port Council Secretary George J. Balco of Tisbury, 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 Marketing Kimberlee McHugh; Director of Engineering and Maintenance Carl R. Walker; Reservations and Community Relations Manager Gina Barboza; Hyannis Terminal Manager Steven Perkins; and General Counsel Steven M. Sayers.

Presentation to New Bedford Member John A. Tierney:

Mr. Ranney announced that it gave him great pleasure to acknowledge Mr. Tierney's service as a Member of the Authority for the last two years by giving him a "two-year penny" that he had pressed in one of the noisy penny press machines on the *Eagle*. Mr. Ranney observed that those noisy machines provide the Authority with income, noting that it had cost him fifty cents to press the penny (not including the one-cent cost of the penny itself).[*]

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[*] Reporter's Note: At the Authority's August 17, 2010 meeting, Mr. Tierney had asked management to consider whether the revenues generated by the penny press machines on the *Eagle* were worth the noise they make.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on September 21, 2010.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for August 2010, 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 more passengers (up 0.7%), fewer automobiles (down 0.6%), and fewer trucks (down 0.6%) during that month than during the same month in 2009. Mr. Lamson also reported that the Authority's operating revenues for the month were $112,000 lower than what had been projected, and that the Authority's operating expenses for the month were also $305,000 lower than projected, with across-the-board decreases in every major cost category. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $7,307,000, approximately $193,000 higher than projected.

Mr. Lamson further reported that, for the first eight months of 2010, the Authority's revenues had been $227,000 lower than projected, while its expenses had been $62,000 higher than budgeted, resulting in a net operating income of around $6,671,000, which was approximately $289,000 lower than expected.

2011 Summer and Fall Operating Schedules:

Mr. Lamson presented management's proposed 2011 Summer and Fall Operating Schedules, as set forth in Staff Summary #RCR 05-10, dated October 19, 2010, which he stated were patterned after the Authority's 2010 Summer and Fall Operating Schedules except for the following proposed changes:

- On the Martha's Vineyard route, the *Sankaty* would take the place of the *Governor* during the height of the summer schedule (June 23 through September 8, 2011) and would berth overnight in Vineyard Haven instead of Woods Hole during this period. As a result of this change, the last daily 10:50 p.m. freight trip from Vineyard Haven would be eliminated, but in its place the Authority would be adding a daily 6:15 a.m. freight trip from Vineyard Haven. Mr. Lamson noted that this would allow more trucks to leave the island earlier in the morning, thereby freeing up space on other morning off-island trips for more cars.

- On the Nantucket route, the departure time for Trip 101 (operated by the *Nantucket* during the height of the summer and over Memorial Day weekend and by the *Sankaty* from late May through June 22nd) would be moved from 7:30 a.m. to 7:15 a.m. to allow trucks a little extra time on Nantucket before returning to the mainland the same day. Trip 310, which leaves Nantucket at 7:45 p.m., would also be designated as a hazardous freight trip on Mondays through Fridays from June 23 through September 8, 2011, which would allow hazardous trucks to leave Hyannis later in the morning (on the 11:30 a.m. hazardous freight trip instead of on the 6:00 a.m. hazardous freight trip) and still be able to return to the mainland the same day. Mr. Lamson stated that this would hopefully free up more space on the 6:00 a.m. hazardous freight trip for other shippers. Finally, Trips 109 and 112, which leave Hyannis at 6:30 p.m. and return from Nantucket at 9:00 p.m., would be unscheduled trips from May 24 through June 22, 2011 but would be available to book, if necessary.

Mr. Lamson also noted that, at their meeting earlier that month, the Port Council had voted unanimously to recommend that the Members approve the schedules as proposed by management.

In response to questions from Mr. Ranney, Mr. Lamson stated that the unscheduled freight trips on the Nantucket route during the early summer schedule would be added to the schedule when the other trips that day fill up in either direction, similar to how management decides to add or cancel late evening freight trips on the Martha's Vineyard route. But Mr. Lamson noted that, if there is only one truck on standby that can be carried on a later scheduled trip that day, the Authority would not run the unscheduled freight trip just to carry that truck. Further, Mr. Lamson said, if the terminal agent at either the Hyannis terminal or the Nantucket terminal wanted the trip to run, the Authority would run it because the crew will always be available anyway.

Mr. Ranney agreed with Mr. Lamson as to when the unscheduled freight trips should be run, but he suggested that management develop guidelines for implementing those decisions, observing that it would not be worth it to run a freight trip if it is going to cost the Authority money.

Mr. Marshall observed that, even though several hazardous freight shippers on the Nantucket route had expressed interest in a hazardous freight trip on Saturdays during the height of the summer schedule, management's proposed schedule still did not include one, and he asked whether those customers might be left high and dry by the end of the weekend. In response, Mr. Lamson stated that, during the Nantucket route's summer schedule, management was instead proposing to add one more hazardous freight trip each day Mondays through Fridays, and that those customers would be able to travel on that additional hazardous freight trip to make certain they have enough fuel for the entire weekend. Mr. Lamson also noted that the Saturday freight trip that otherwise would have to be converted to a hazardous trip was very popular with many different groups of customers, including rental companies whose renters travel from the island each Saturday afternoon, and that management did not feel it was appropriate to disrupt their travel patterns when the fuel companies' needs could be addressed in another manner.

Finally, Mr. Hanover noted that not only were freight shippers thrilled with management's proposal to add a 6:15 a.m. freight trip from Martha's Vineyard during the height of the summer schedule, but many island residents had expressed their support as well because that additional trip will open up more spaces on other trips during the morning.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to approve the 2011 Summer and Fall Operating Schedules as proposed by management and described in Staff Summary #RCR 05-10, dated October 19, 2010.

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

2011 Reservation Opening Dates:

Mr. Lamson then reviewed with the Members Staff Summary RCR 06-10, dated October 20, 2010, in which management had set forth the various dates that the Authority will begin accepting Headstart reservations for the 2011 Summer Operating Schedule (January 11, 2011 by mail and internet only), as well as reservations from the general public for that same summer schedule (January 18, 2011 by mail and internet, and then January 25, 2011 by telephone as well). Mr. Lamson further noted that the Authority will begin accepting reservations for the 2011 Fall Operating Schedule on June 20, 2011. In addition, Mr. Lamson said, the reservation-only dates during 2011 for the Martha's Vineyard route will be every Friday, Saturday, Sunday and Monday from June 24 through September 5, and May 27-30, June 30, July 5, September 6, and October 7 and 10, 2011.

2011 Operating Budget:

Mr. Davis then reviewed with the Members management's proposed 2011 Operating Budget, as set forth in Staff Summary #A-523, dated October 20, 2010. Mr. Davis noted that, in 2011, the Authority's operating expenses were expected to be around $78,445,000, which represented a 3.1% increase over management's current estimate for this year's operating expenses. Mr. Davis also reported that, during 2011, management anticipated that the Authority will require over 2,775,000 gallons of vessel fuel oil, with the delivered price averaging $2.84 per gallon, for a total cost of $7,900,000, a $715,000 increase (or 9.9%) over management's current estimate for this year's vessel fuel oil expense. In this regard, Mr. Davis noted that fuel hedges were already in place for the Authority's expected usage in 2011 at an average cost of $3.15 per gallon. As a result, Mr. Davis said, if fuel prices exceed budget projections, the

Authority's exposure was around $900,000 until the hedge protection would be triggered. Mr. Davis also observed that the Authority's vessel maintenance expenses were expected to increase in 2011 by $851,000 (or 30.6%), as the Authority had five vessels scheduled to be dry-docked next year (the *Martha's Vineyard*, the *Nantucket*, the *Eagle*, the *Katama* and the *Gay Head*).

Mr. Davis then reported that the Authority's projected operating revenues for 2011 were $83,899,000, including $2,550,000 in additional revenues from management's proposed rate increases, and were expected to generate a net operating income of $3,440,000, which was $635,000 higher than what management was projecting to be this year's net operating income. Mr. Davis stated that this projected net operating income will be sufficient to meet the Authority's debt service requirements and make the appropriate transfers to the Authority's Replacement Fund.

Finally, Mr. Davis noted that, at their meeting earlier in the month, the Port Council had voted unanimously to recommend that the Members adopt the 2011 Operating Budget as proposed by management.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Marshall -- to adopt the 2011 Operating Budget as proposed by management and set forth in Staff Summary #A-523, dated October 20, 2010.

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

Ferry Boat Discretionary Program Grant:

In response to a question from Mr. Marshall during the discussion of the Authority's 2011 Operating Budget, Mr. Lamson reported that the Authority's Fairhaven Vessel Maintenance Facility project had been selected to be funded under the U.S. Department of Transportation's Ferry Boat Discretionary Program. Mr. Lamson stated that the project includes the installation of head dolphins in the south slip as well as the installation of a refurbished transfer bridge (formerly used at the Authority's Hyannis terminal) and head dolphins in the north slip. Mr. Lamson also stated that the estimated cost of the project was $700,000, of which $500,000 will be funded with this award

Mr. Lamson reported that the Authority was also attempting to obtain federal grants for constructing sewage pump-out stations at four of its terminals, and that a $1,000,000 line item for those projects already had been included in the 2011 appropriations bill. However, Mr. Lamson stated that the Authority would proceed with those projects even if it did not receive any grant money for them.

2011 Rate Adjustments:

Mr. Davis reported that, based upon an allocation of projected revenues and cost of service for 2011, management was recommending that $2,550,000 of proposed fare increases (representing an overall rate increase of 3.1%) be structured so that $1,050,000 is raised from the Martha's Vineyard route and $1,500,000 is raised from the Nantucket route, as set forth in Staff Summary #A-524, dated October 20, 2010. Specifically, Mr. Davis stated:

- Almost all of the $1,050,000 fare increase on the Martha's Vineyard route would be in the form of increased passenger fares. This would result in a one-way adult fare of $7.50 (instead of $7.00) with corresponding increases in all of the Authority's discounted passenger fares, and slight increases in the excursion fares (based on a $0.50 passenger fare increase for each segment of the round trip for two adults). The extended load rate would also be increased from $10 to $12.50 and the rate for bicycles, surfboards and windsurfers would be increased from $3 to $4.

- With respect to the Nantucket route, the adult passenger fare for the Authority's traditional ferries would be increased by $1.00, with corresponding increases in all of the Authority's discounted passenger fares. The adult high-speed passenger fare would be increased by $2.50 for a one-way fare, but only by $2.00 for a round-trip fare to provide an incentive for the Authority's customers to purchase round-trip tickets. Both the standard and excursion automobile fares would increase by $10.00 (with part of the excursion fare increase reflecting the passenger fare increase), as well as the fares for trucks less than 20 feet in length. Commercial vehicle rates would also see an average increase of 5%, although the increases would be structured to equalize the amount that each truck pays on a per-foot basis. As a result, larger trucks (which now pay the lowest fare per foot) would see the greatest increases (up to 16%) and trucks between 30 and 45 feet in length (which now pay the highest fare per foot) would see no increases at all. Finally, the Hyannis parking rates in the shoulder seasons would be increased from $10/day to $12/day; the extended load rate would be increased from $20 to $25; and the rate for bicycles, surfboards and windsurfers would be increased from $6.00 to $7.00.

Mr. Davis also noted that, at their meeting earlier in the month, the Port Council had voted unanimously to recommend that the Members approve the rate adjustments as proposed by management.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to approve the 2011 rate adjustments, effective January 3, 2011, as proposed by management and set forth in Staff Summary #A-524, dated October 20, 2010.

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

Design, Build and Delivery of Aluminum Passenger Loading Decks:

Mr. Lamson reported that, in accordance with the authorization the Members had given him at their last meeting, Contract No. 10-10 for the design, building and delivery of aluminum passenger loading decks had been awarded to Ravens Marine, Inc. of Kissimmee, Florida, who was the lowest eligible and responsible bidder for the contract, for a total contract price of $725,732. Mr. Lamson also reported that a separate contract will be awarded in November 2010 for the installation of the new structures once they are delivered to the different terminals.

In response to a question from Mr. Ranney, Mr. Walker stated that the Authority will be able to reuse some of the current passenger ramps that are being dismantled in other locations, while other ramps, as well as the landing platforms, are being incorporated into the new design. Mr. Walker also noted that the Authority was allowed to continue using the system beside the Nantucket terminal's south slip without modifications in order to unload passengers from the *Iyanough*.

M/V Governor Dry-dock and Overhaul Services:

Mr. Lamson also reported that, in accordance with the authorization the Members had given him at their last meeting, Contract No. 12-10 for the dry-dock and overhaul services for the *Governor* had been awarded to Thames Shipyard & Repair Company of New London, Connecticut, who was the lowest eligible and responsible bidder for the contract, for a total contract price of $249,655. Mr. Lamson noted that the *Governor* was scheduled to be in the shipyard from mid-November 2010 through mid-December 2010 to undergo a required United States Coast Guard hull exam, and underwater hull cleaning and painting.

Port Council's Report:

Mr. Asendorf reported that, at their meeting earlier in the month, the Port Council had discussed everything that the Members had considered today, as shown by the various recommendations made by the Port Council with respect to each subject that was on the agenda of today's meeting.

Music Cruises on the M/V Iyanough:

In response to a question from Mr. Ranney, Mr. Lamson reported that the Authority had not sold any tickets for any of the four music cruises the Authority had run on the *Iyanough* over the past month, although he noted that the majority of the passengers on those music cruise trips had enjoyed the entertainment.

Health Care Costs:

Also in response to a question from Mr. Ranney, Mr. Lamson stated that there will be some increases in the cost of the Authority's self-funded health plan this coming year as a result of the increased coverages mandated by the federal health care legislation that was enacted earlier this year. Mr. Lamson noted that, under the law, there will be an increase in the number of dependents who are eligible for coverage, and the Authority will have to cover participants' existing conditions. However, Mr. Lamson reported that the Authority will be sharing some of these cost increases with its employees, as some unions already have agreed to higher employee contributions towards the cost of their health care while the Authority was still negotiating this subject with unions representing the remainder of the Authority's employees.

Website Redesign Contract:

Also in response to a question from Mr. Ranney, Mr. Lamson reported that there would be an opportunity for the Authority's customers who use its website to be involved in its upcoming redesign. In this regard, Mr. Lamson noted that management was still in the process of evaluating the proposals that had been submitted in response to the Authority request for proposals from firms interested in redesigning the website, but that one factor he was considering was what each firm was proposing with respect to how to find out which aspects of the website need to be improved. Indeed, Mr. Lamson said, if the firms do not propose to seek user input, he would suggest it himself and he already had several individuals in mind whom he thought should be consulted because of valuable suggestions they have made in the past.

Mr. Balco suggested that the Authority require the firm that is ultimately awarded the contract to at least think about the possibility of selling products on-line. Mr. Lamson agreed, and stated that management was also asking that each user be able to customize the look of the website's page based upon what information that particular user looks for on a regular basis. In this regard, Mr. Lamson observed that the Authority caters to a number of different groups of customers, and management wanted to minimize the number of clicks each customer has to make in order to get to the information he or she wants.

At approximately 10:10 a.m., Mr. Hanover entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to collective bargaining and litigation matters, and the Authority's consideration of the purchase, exchange, lease and value of real estate, may have a detrimental effect on the Authority's bargaining, litigating and negotiating positions. Mr. Hanover also announced that the Members would not reconvene in public after the conclusion of the executive session.

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

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

A TRUE RECORD

JOHN A. TIERNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

November 23, 2010

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 23rd day of November, 2010, beginning at 9:44 a.m., in Rooms 104 and 105 of the Marine Biological Laboratory's Candle House, located at 127 Water Street, Woods Hole, Massachusetts. All five Members were present: Chairman Marc N. Hanover of Dukes County; Vice Chairman Robert S. Marshall of Falmouth; Secretary John A. Tierney of New Bedford; H. Flint Ranney of Nantucket; and Robert L. O'Brien of Barnstable.

Port Council Chairman S. Eric Asendorf of Falmouth, Port Council Vice Chairman Robert V. Huss of Oak Bluffs, Port Council Secretary George J. Balco of Tisbury, 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: Treasurer/Comptroller Robert B. Davis; Director of Information Technologies Mary T.H. Claffey; Director of Marketing Kimberlee McHugh; Port Captain Charles G. Gifford; Director of Terminal and Parking Operations Mark K. Rozum; Director of Engineering and Maintenance Carl R. Walker; Reservations and Community Relations Manager Gina Barboza; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Authority Employees Mario Goncalves and Kelly Paterson:

Mr. Davis began the meeting by asking for a moment of silence in memory and honor of two well-respected Authority employees who had passed away earlier in the month:

- Mr. Davis reported that, on November 8, 2010, word was received of an automobile accident which took the life of Mario Goncalves as he was reporting to work. Mr. Davis recounted how Mr. Goncalves had served as an Able Seaman aboard the Authority's vessels since 2003, most recently assigned to the *M/V Katama*, and that he had come to the Authority after a long career in the marine industry. Mr. Davis stated that Mr. Goncalves will be remembered as a nice quiet guy, a hard worker and a valued crewmember, and that he leaves behind a grown son and daughter.

- Mr. Davis reported that word was then received on November 14, 2010 of the passing of Kelly Paterson, who was a ticket seller at the Authority's Nantucket terminal since 1998. Mr. Davis recounted how Ms. Paterson's passing, at the age of 43, followed a courageous five-year battle against cancer and how, despite the battle, Ms. Paterson always maintained a positive view of life. Mr. Davis stated that Ms. Paterson had been a dedicated worker, mother and wife who was respected and loved by all she touched, and that she leaves behind a husband, two sons, and two daughters.

Mr. Davis declared that everyone's thoughts and prayers were extended to the family and friends of both employees, and that they will be sorely missed.

Minutes:

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on October 26, 2010.

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

Results of Operations:

Mr. Davis summarized the results of the Authority's operations for September 2010, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Davis reported that the Authority had carried fewer passengers (down 4.3%), fewer automobiles (down

1.5%), and fewer trucks (down 1.6%) during that month than during the same month in 2009. Mr. Davis also reported that the Authority's operating revenues for the month were $351,000 higher than what had been projected, and that the Authority's operating expenses for the month were also $725,000 lower than projected, mostly due to repair schedule changes and lower health care claims. As a result, Mr. Davis said, the Authority's net operating income for the month had been around $2,226,000, approximately $1,066,000 higher than projected.

Mr. Davis further reported that, for the first nine months of 2010, the Authority's net operating income was $8,897,000, which was approximately $777,000 higher than expected. However, Mr. Davis stated that management did not expect this to continue, as the Authority's revenue projections for the remainder of the year were based on 2008 traffic levels (which were higher than 2009 traffic levels), the Authority's fuel expense was increasing, and there would be unscheduled dry-docks before the end of the year. Mr. Davis noted that management expected the Authority's net operating income for 2010 to end up around $2,000,000, approximately $1,250,000 lower than projected.

M/V Governor Re-Powering Project:

Mr. Davis recounted how, on October 1, 2010, after the *Governor* had suffered a loss of both motors while underway to Vineyard Haven, the crew (under the able command of Captain Arstein Tveit) had been able to restore partial power and, with the assistance of a tug, had made it safely into Vineyard Haven. However, Mr. Davis said, after towing the vessel to the Authority's Fairhaven repair facility for a more thorough evaluation, the root cause of the failure still had not been determined, and the estimated cost of repairing the more than 60-year-old diesel-electric motors was $450,000.

Mr. Davis stated that, rather than having the current motors repaired, management was recommending that the *Governor* instead be re-powered with new diesel MTU engines and ZF gearboxes, and that the estimated cost of re-powering the vessel was $1,604,000, including all engineering, materials and construction costs. Mr. Davis also reported that the project would be accomplished through two contracts – one for the purchase of the engines and gears and another for their installation at a shipyard, with a projected completion date of early May 2011, just prior to the *Governor's* operating season start date of May 24, 2011. In addition, Mr. Davis said, one of the reasons for management's recommendation to replace the motors is that, if the Authority cannot obtain a reasonable price for the *Governor* when it comes time to dispose of it, its new engines and gears can be removed and installed in the *Sankaty*, which would save the Authority' us approximately $1,000,000 in equipment costs.

In response to a question from Mr. Ranney, Mr. Walker stated that he did not anticipate that the *Governor* will have any significant resale value, and that if no bids were received for the vessel that approached its reasonable value, the Authority would put its new engines in the *Sankaty*, which was underpowered. Mr. Walker also noted that the proposed new engines for the *Governor* were the same engines for which he had applied for a grant from the Environmental Protection Agency to put into the *Sankaty*, and were the same engines that he had picked for the *Sankaty*.

In response to a question from Mr. Hanover, Mr. Walker acknowledged that the Authority had put a lot of money into the *Governor* over the prior two years and that, other than some of the controls systems and throttles, the majority of its new equipment will not be usable. However, Mr. Walker stated that the Authority would try to sell back some of the equipment to the vendors who sold them to the Authority.

In response to a question from Mr. Marshall, Mr. Davis stated that management was anticipating that the Authority would continue to operate the *Governor* for the next four years, noting that the proposed 2011 Capital Budget included money to study the feasibility of a design for a replacement freight vessel. Then, in response to a question from Mr. Hanover, Mr. Walker stated that there would be no more large-ticket items that would need to be replaced in order to keep the *Governor* running during its next three-year Certificate of Inspection period. In this regard, Mr. Walker observed that, while the steering system was old, it works, that the vessel's generators will be huge for their new purpose, and that none of the vessel's other systems will require more maintenance or more attention as a result of the re-powering.

Mr. Hanover observed that the pricing of vessel construction work was very favorable at this time, and he encouraged management to move forward with the proposed replacement freight vessel in order to take advantage of the current market.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to authorize the General Manager to proceed with the re-powering of the M/V Governor with MTU Marine diesel engines and ZF gearboxes, as set forth in Staff Summary # E 2010-19, dated November 17, 2010.

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

Dockage Facilities Agreement
with SeaStreak Holding Company, LLC:

Mr. Davis then recounted how, this past summer, SeaStreak Holding Company, LLC had docked its New York-to-Martha's Vineyard passenger ferry at the Authority's Oak Bluffs terminal, carrying 7,846 passengers back and forth to New York and paying the Authority $17,320 in dockage fees under a dockage facilities agreement. Mr. Davis reported that, on October 15, 2010, SeaStreak notified the Authority of its desire to renew the agreement for 2011 with a slightly modified schedule, and he stated that management was recommending that the Members grant SeaStreak's request, especially since this service is not subject to the Authority's licensing powers and SeaStreak could simply dock its ferry at another facility on Martha's Vineyard without paying the Authority any license fees or dockage fees at all.

In response to questions from Mr. Tierney, SeaStreak representative John Tiernan acknowledged that its ferry service from New York was slightly robbing its New Bedford traffic, but that it was not significant enough to stop the New Bedford service. Indeed, Mr. Tiernan stated that the New York service was attracting a whole new demographic of customers who otherwise would not visit Martha's Vineyard or would have taken the ferry service from Rhode Island.

Also in response to questions from the Members, Mr. Tiernan stated that SeaStreak would be operating two vessels from New York each weekend, with one arriving Thursday, the second arriving Friday, and both leaving Sunday afternoon. Mr. Tiernan also stated that the one-way fare would be $135, and that the round-trip fare would be $210.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to authorize the General Manager to give SeaStreak Holding Company, LLC ("SeaStreak") written notice that the Authority desires to renew its Oak Bluffs Dockage Facilities Agreement for 2011 in connection with SeaStreak's New York-Martha's Vineyard ferry service, as provided for in the Agreement, and to execute such a renewed Agreement approving SeaStreak's proposed times and dates for its use of the Oak Bluffs terminal, as recommended by management in Staff Summary # GM-564, dated November 16, 2010.

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

<u>2011 Capital Budget</u>:

Mr. Davis asked the Members to approve management's proposed 2011 Capital Budget, which he noted contained new projects that together were estimated to cost $5,206,000. Mr. Davis stated that those projects included:

- A new automated reservation and point-of-sale ticketing system ($1,500,000);
- Four shuttle bus replacements ($534,000);
- Sewer pump-out stations at Woods Hole, Vineyard Haven, Nantucket and Hyannis ($1,133,210);
- Feasibility and design study of the Woods Hole terminal and slips ($250,000);
- Preliminary design and engineering for a new freight boat ($250,000);
- *M/V Nantucket* 02 deck passenger shelter ($140,000); and
- *M/V Martha's Vineyard* HVAC upgrade ($120,000).

Mr. Davis also reported that the Authority then had $12,500,000 available for capital projects with estimated additional fund transfers of $1,625,000 in 2010 and an additional $6,800,000 of projected transfers to the Replacement Account next year. Mr. Davis noted that the Authority's current capital project commitments totaled $21,730,000, and that management was proposing that the new projects for 2011 be funded through the issuance of $7,500,000 in bonds or bond anticipation notes, leaving around $1,500,000 remaining for contingencies and/or future projects.

Mr. Marshall declared that management's proposed capital budget made sense and, given the current construction market, he encouraged them to move as quickly as possible with respect to any new vessel projects. Mr. Marshall also noted that at some point the Authority should also be looking at putting a new big multi-purpose vessel into line service as well.

Mr. Hanover stated that he was thrilled the *Martha's Vineyard* was going to get air conditioning, and he asked whether that project would be completed before next summer. In response, Mr. Walker stated that at the very least the upper passenger area would be done by then, and that the drawings already had been submitted to Washington for approval. Also in response to questions from the Members, Mr. Walker stated that management intended to build a more permanent passenger shelter on the top deck of the *Nantucket* than what had been there before, which was why the estimated cost of the structure was rather high.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to adopt the 2011 Capital Budget as proposed by management in Staff Summary # A-525, dated November 16, 2010.

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

Website Redesign Contract:

Mr. Davis asked the Members to award a contract to iMarc LLC for the redesign the Authority's website, with a project budget of $225,000 (including the development of a dedicated mobile web application). Mr. Davis recounted how, earlier this year, the Authority had issued a request for proposals for this contract, and how iMarc had submitted the proposal which the evaluating committee ranked as the most advantageous to the Authority. As part of the redesign process, Mr. Davis said, management will be forming a "focus group" of Authority employees and outside users of the website to provide input on how best to redesign it. Mr. Davis also announced that management will be placing a link on the Authority's current website for customer comments, observations and suggestions.

Mr. Ranney stated that, while he liked iMarc's entire presentation, he was concerned about how members of the "focus group" were going to be selected. However, the other Members informed Mr. Ranney that Mr. Lamson already had reached out to a few individuals, including people from Nantucket.

In response to a question from Mr. O'Brien, Ms. Claffey stated that she originally had ranked iMarc's qualifications and personnel unsatisfactory because it had omitted key information about those subjects. But Ms. Claffey assured Mr. O'Brien that iMarc subsequently did provide the information and that she ultimately concluded that its qualifications and personnel were in fact satisfactory.

In response to a question from Mr. Hanover, Mr. Davis stated that, with iMarc's philosophy that users should always find the information they want in three clicks or less, management expected that the project will result in drastic improvements to how the Authority's customers will be able to navigate the reservation system through the website.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to award Contract No. 18-10 for the redesign of the Authority's website to iMarc LLC of Newburyport, Massachusetts, in accordance with the proposal submitted by iMarc for the contract, dated October 1, 2010, and with a total budget for this project not to exceed $225,000, as recommended by management in Staff Summary #GM-563, dated November 16, 2010.

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

Later in the meeting, Mr. Hanover stated that one of his concerns with the Authority's website was that it must be very user-friendly for walk-on passengers as well as for people traveling with their cars, and he observed that currently the website was focused on only the latter group of customers.

M/V Eagle Dry-Docking and Related Services:

Mr. Davis then asked the Members to award Contract #23-10 for dry-docking and related services for the *Eagle* to the lowest eligible and responsible bidder for the contract, Colonna's Shipyard of Norfolk, Virginia, for a total contract price of $821,392. Mr. Davis stated that, under the contract, the *Eagle* will undergo a routine United States Coast Guard hull exam and, in addition, the shipyard will accomplish the first phase of the vessel's mid-life refurbishment, which includes removing the existing main engine, gearbox and generator channel coolers and replacing them with a new Weka main engine, gearbox and generator box coolers, modifying the main fuel tanks to separate them from the hull, and installing new freight deck ventilation fans.

In response to questions from Mr. O'Brien, Mr. Walker stated that it was Colonna's who had done the mid-life refurbishment for the *Nantucket*, and that it was a good shipyard. Mr. Walker also stated that, given that Colonna's bid was substantially lower than the other bids received, he had called up the shipyard to confirm that it was comfortable with its bid and to make certain there were no open issues with the contract. In this regard, Mr. Walker stated that he thought the Authority's contract and specifications will allow the Authority to have a good shipyard experience and, while there had been a lot of cost overruns on the *Nantucket* mid-life refurbishment project, the Authority had learned from that experience and since had tightened up its contract and specifications.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to award Contract No. 23-10 for the M/V Eagle Dry-Docking and Related Services to the lowest eligible and responsible bidder for the contract, Colonna's Shipyard of Norfolk, Virginia, for a Total Contract Price of $821,392, as recommended by management in Staff Summary # E 2010-18, dated November 17, 2010.

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

Port Council's Report:

Mr. Asendorf reported that, at their meeting earlier in the month, the Port Council had discussed everything that the Members had considered today, as shown by the various recommendations made by the Port Council with respect to each subject that was on the agenda of today's meeting. In addition, Mr. Asendorf said, the Port Council had discussed the Authority's health plan and two new ideas proposed by Mr. Balco, which the Port Council will continue to discuss at their next meeting.

Mr. Ranney stated that he liked Mr. Balco's ideas and thought that they should be explored. However, Mr. Ranney said, he did not trust economists and he questioned whether the study that was prepared by KJS Associates, Inc. fifteen years ago had turned out to be accurate. In response, Mr. Davis stated that management was then in the process of reviewing that study.

Mr. Balco pointed out that the Authority was attempting to look forward in something of a vacuum, and that it was better to have something that can serve as a consistent background for the Authority's planning. Mr. Balco also noted that he had done a lot of forecasting himself, and that it was difficult to move an organization forward when it is looking in the rearview mirror.

But Mr. Marshall stated that he was more comfortable with the Authority's historical data than with other organizations' projections, noting that not a lot changes from year to year and that the two islands are what they are. However, Mr. Balco observed that while a "no growth" model might prove to be the correct forecast for the future, not everyone accepted that. In response, Mr. Marshall noted that even a significant improvement in the economy may not result in more traffic for the Authority.

Martha's Vineyard Transit Authority:

Mr. Hanover noted that the new ambulance rates that went into effect on November 1, 2010 have had an unexpected impact on the Martha's Vineyard Transit Authority ("MVTA"), which operates a van on a weekly basis to transport patients to Boston-area hospitals and medical appointments. In order to correct the situation, Mr. Hanover asked the other Members to exclude the MVTA from the recent ambulance rate increase, observing that the MVTA already received a grant for this service under the Authority's old rates and always makes reservations for the van in advance (unlike ambulances that require preferential boarding in emergency situations and, as a result, "bump" other vehicles with reservations from traveling on their reserved trips).

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to allow the van operated by the Martha's Vineyard Transit Authority to transport patients off-island to continue to travel under the Authority's ambulance rates that existed before the November 1, 2010 increase.

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

Oak Bluffs Terminal:

Falmouth and Martha's Vineyard resident Richard Sherman stated that he was very pleased with the design of the Oak Bluffs terminal, and that it was very fitting with architecture of Oak Bluffs. Mr. Hanover recounted how the Oak Bluffs selectmen had asked whether the pier could remain open during the off-season, but that he had informed them that it could not due to liability issues. Mr. Huss then asked Mr. Walker to look into the security of the new shutters that had been installed at the terminal, observing that they looked like a ladder which someone could simply climb up.

At approximately 10:40 a.m., Mr. Hanover entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to collective bargaining and litigation matters, and the Authority's consideration of the purchase, exchange, lease and value of real estate, may have a detrimental effect on the Authority's bargaining, litigating and negotiating positions. Mr. Hanover also announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Tierney'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, and the Authority's strategy in preparation for negotiations with nonunion personnel.

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

A TRUE RECORD

JOHN A. TIERNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

December 28, 2010

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 28th day of December, 2010, beginning at 9:45 a.m., in the second floor conference room of the Authority's Woods Hole terminal, located at the Foot of Railroad Avenue, Woods Hole, Massachusetts. All five Members were present: Chairman Marc N. Hanover of Dukes County; Vice Chairman Robert S. Marshall of Falmouth; Secretary John A. Tierney of New Bedford; H. Flint Ranney of Nantucket; and Robert L. O'Brien of Barnstable.

Port Council Secretary George J. Balco of Tisbury, 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 K. Rozum; Reservations and Community Relations Manager Gina Barboza; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Election of Officers:

Mr. Hanover announced that, in accordance with the Authority's Enabling Act, Mr. Marshall, as the Authority's Falmouth Member, automatically will become the Authority's Chairman for the year 2011. Mr. Hanover then entertained motions for the election of the remainder of the Authority's officers for the upcoming year.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to elect John A. Tierney to serve as the Authority's Vice Chairman for the year 2011.

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

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Marshall -- to elect H. Flint Ranney to serve as the Authority's Secretary for the year 2011.

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

Mr. Hanover then congratulated Mr. Balco on his election as the Port Council's Chairman for 2011, as well as Falmouth Port Council member S. Eric Asendorf and Mr. Rezendes on their election as the Port Council's Vice Chairman and Secretary, respectively.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the minutes of the Members' meeting in public session on November 23, 2010.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for October 2010, 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 more passengers (up 5.2%), more automobiles (up 2.8%), but fewer trucks (down 1.6%) during that month than during the same month in 2009. Mr. Lamson also reported that the Authority's operating revenues for the month were $338,000 higher than what had been projected, and that the Authority's operating expenses for the month were also $467,000 lower than projected, mostly due to repair schedule changes, lower health care claims, and lower fuel expenses due to the reduction in the number of gallons of fuel consumed. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $157,000, approximately $129,000 higher than projected.

Mr. Lamson further reported that, for the first ten months of 2010, the Authority's net operating income was $9,054,000, which was approximately $906,000 higher than expected, that the Authority's cash balances were in good shape, and that transfers to the Authority's special purpose funds for the year would be slightly higher than projected.

In response to a question from Mr. Marshall, Mr. Davis stated that management expected the Authority's net operating income for 2010 to end up between $2,400,000 and $2,500,000, which would be lower than projected. In response to a question from Mr. Hanover, Mr. Lamson stated that Nantucket's high-speed service and parking figures showed an increase from October 2009 because there were some days during the prior year that the Authority was not able to provide any service at all due to the weather.

Off-Season (January 1st – May 14th) Parking Permits:

Mr. Lamson asked the Members to approve management's recommendation to create new off-season offsite parking permits that would be valid from January 1st through May 14th, at a reduced cost of $225 from the $425 price of off-season parking permits (which are valid from September 15th through May 14th). Mr. Lamson noted that this past year, the Authority sold 63 Falmouth off-season parking permits, seven Hyannis off-season parking permits, and eight combination Nantucket automobile excursion/Hyannis parking permit packages. Mr. Lamson also stated that customers buying these new permits would similarly be required to park at the Authority's Palmer Avenue lot in Falmouth or at its Yarmouth Street lot in Hyannis.

Mr. Jones noted that the Port Council had not discussed this subject at their last meeting, and he asked whether the Authority's parking permits could be valid for a calendar year instead of from May 15th through May 14th of the following year. In response, Mr. Lamson stated that by having the permits end on May 14th, students only need to buy one permit for each academic year and everyone else's permits become due at the same time.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to approve the issuance of two new off-season offsite parking permits that will be valid from January 1st through May 14th of each year, as recommended by management in Staff Summary #TPF 2010-4, dated December 15, 2010.

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

Martha's Vineyard Regional High School District:

Mr. Davis asked the Members to approve management's recommendation that the Authority renew its transportation agreement with the Martha's Vineyard Regional High School District for school-related approved transportation at a fixed price of $60,000 for the period from July 1, 2011 through June 30, 2012. Mr. Davis noted that the Authority enters into the agreement each year to establish a fixed price for the transportation of student groups, teachers, administrators and game officials on school-approved travel for the District's upcoming fiscal year (beginning July 1st), and that the fixed price is intended to reflect approximately a 50% discount over applicable tariff rates. Mr. Davis also noted that, although last year's agreement had established a fixed price of $55,000, management was recommending that the fixed price under the new agreement be increased to $60,000 because of the fare increases that will become effective January 3, 2011 on the Martha's Vineyard route.

IT WAS VOTED -- upon Mr. Ranney'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, 2011 through June 30, 2012, as recommended by management in Staff Summary #A-526, dated December 14, 2010.

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

Installation of Passenger Ramps and Platforms:

Mr. Lamson asked the Members for authorization to award Contract 24-10 for the installation of passenger ramps and platforms to the lowest eligible and responsible bidder for the contract. Mr. Lamson stated that it currently appears that the lowest eligible and responsible bidder will be New England Spec., Incorporated, of Sagamore Beach, Massachusetts, for a total contract price of $233,900; but that if the company does not provide the Authority with a certificate in good standing from the Secretary of State, the next low bidder is C. Naughton Corp., of Weymouth, Massachusetts, who submitted a total contract price of $248,000. Mr. Lamson also confirmed Mr. Marshall's observation that most of this contract was for labor, not for materials.

Mr. Hanover then expressed his concern, given the disparity in the amounts of the bids, that some of the bidders may not be understanding the scope of the work. But Mr. Lamson stated that the cost estimate had been made more than a year ago, and that some companies may simply be more eager for work than others.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract No. 24-10 for the Installation of Passenger Ramps and Platforms to the lowest eligible and responsible bidder for the contract.

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

Supply and Delivery of Two Diesel Engines and
Two Reverse Reduction Gears for the M/V Governor:

Mr. Lamson asked the Members to defer the award of Contract #25-10 for the supply and delivery of two MTU 12V4000M53R diesel engines and two ZF7510 reverse reduction gears for the *M/V Governor* until their next meeting on January 25, 2011, as bids for this contract were now scheduled to be opened on January 18, 2011. Mr. Lamson stated that the bid opening had been postponed because the Authority received an email from one potential bidder that it could not meet the time frame and management did not know whether the time frame referred to was the time frame for submitting bids or the time frame for delivering the engines and gears. Regardless, Mr. Lamson said, management wanted to obtain as many bids as possible, and the post-ponement of the bid opening date will not affect the delivery date for the engines and gears.

Furnish and Deliver Two Propellers for the M/V Governor:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to award Contract No. 27-10 to Furnish and Deliver Two (2) Propellers for the M/V Governor to the lowest eligible and responsible bidder for the Contract, Sound Propeller Services, Inc. of Seattle, Washington, for a Total Contract Price of $91,192, as recommended by management in Staff Summary #E 2010-22, dated December 21, 2010.

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

Contract to Re-Power the M/V Governor:

Mr. Lamson then asked the Members for authorization to award Contract #28-10 to Re-Power and Provide Associated Services for the *M/V Governor* to the lowest eligible and responsible bidder for the contract, when bids for the contract are opened on January 6, 2011. Mr. Lamson stated that, by awarding this contract promptly after the opening of bids, bidders for the supply and delivery of the *M/V Governor's* engines and gears will know the shipyard to which those items will have to be delivered in advance of the January 18, 2011 opening of their bids. Mr. Lamson also stated that the winning shipyard will be responsible to re-power the *M/V Governor* and complete all work by no later than April 15, 2011, at which time the vessel must be delivered to the Authority.

In response to a question from Mr. Hanover, Mr. Lamson stated that it was absolutely doable to have the vessel re-powered and back in service by next spring, and he also noted that as a result of more interest in this contract, management expected some good prices. Then in response to a question from Mr. Marshall, Mr. Lamson stated that he was comfortable with the $500,000 cost estimate for the contract and that, given the time that the shipyards have had to put their bids together, he thought the Authority was going to receive a number of bids and that they were going to be responsive.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract No. 28-10 to Re-Power and Provide Associated Services for the M/V Governor to the lowest eligible and responsible bidder for the contract after bids for the contract are opened on January 6, 2011, as recommended by management in Staff Summary #E 2010-20, dated December 13, 2010.

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

Port Council's Report:

Mr. Balco reported that, at their meeting earlier in the month, the Port Council had discussed most of the matters the Members had considered today, as well as the status of the Authority's website redesign contract and whether the Authority should award a contract for a new advance reservation and point-of-sale ticketing system. In addition, Mr. Balco said, the Port Council had discussed the Authority's advertising of its gift cards and how other public transportation entities were raising non-fare revenues.

Website Redesign Contract:

In response to a question from Mr. Hanover, Mr. Lamson stated that management already had a kickoff meeting with iMarc LLC for the redesign of the Authority's website, and that both Jamie Ranney and Mark Snider were being kept in the loop on the progress of the project. In addition, Mr. Lamson said, a survey had been developed for the Authority's customers to identify what they like most and what they like least about the current website so that iMarc will have an idea of what it should be concentrating on.

In response to a question from Mr. Ranney, Mr. Lamson also stated that iMarc will have a website that will show how the project is progressing, and that the Members will be able to view that website. Mr. Lamson further noted that the timeline called for the new website to be up and running by May 1, 2011. However, in response to a question from Mr. Jones, Mr. Lamson stated that management was not asking the Authority's ticket sellers for their suggestions because the website was a different system than what they use.

Statistical Model for Ferry Traffic Forecasting:

In response to a question from Mr. Ranney, Mr. Lamson stated that the statistical model for ferry traffic forecasting that had been developed for the Authority by KJS Associates, Inc. in 1996 was going to be placed on the agenda for discussion at the Port Council's next meeting. In this regard, Mr. Lamson noted that the model had based its forecast on population information and retail employment data, and that he first wanted to see how accurate the model turned out to be. Mr. Lamson stated that, while the Authority clearly had not met the forecasted traffic figures, management did not know whether this was due to problems with the model itself or whether its predictions for population information and retail employment simply turned out to be too high.

Ferry Schedules:

Mr. Hanover asked Mr. Lamson to make certain to print enough of the new business-card size ferry schedules for 2011, observing that they had been very well received by the public this past year. Mr. Lamson agreed, and noted that as a result of the introduction of these new schedules, the Authority had seen a decrease in the need for the old pocket schedules.

Blizzard of 2010:

Mr. Hanover thanked all of the Woods Hole terminal employees for their outstanding work the prior Sunday, recounting how he had been in Woods Hole around 4:00 p.m. that day and had seen firsthand all of their tremendous efforts, in blinding snow and cold, to get islanders onto the boats so they could get home before the Blizzard of 2010 shut down operations later that day. In addition, Mr. Hanover thanked the Authority's vessel employees for their great work, recounting how the employees filled up the *M/V Island Home's* lift decks so that boat could sail full and then filled up the freight deck of the *M/V Katama* immediately afterwards.

2011 Authority Meeting Schedule:

The Members agreed to adopt the 2011 Authority Meeting Schedule as set forth in a memorandum to the Members, dated November 24, 2010, with the changes proposed by Mr. Marshall, as reflected in a cover memorandum, dated December 14, 2010. Mr. Lamson noted that he felt the Authority's most important meetings were in September and October when the following year's operating budget and possible rate adjustments are discussed, and that both of those meetings will take place on the islands.

In response to a suggestion by Mr. Jones, the Members also agreed that the Authority's meetings in Woods Hole would start at 9:45 a.m. instead of 9:30 a.m. Finally, Mr. O'Brien suggested that the Members have their Woods Hole meetings in the second floor conference room of the Authority's Woods Hole terminal instead of at the Marine Biological Laboratory's Candle House.

At approximately 10:34 a.m., Mr. Hanover entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to collective bargaining and litigation matters, and the Authority's consideration of the purchase, exchange, lease and value of real estate, may have a detrimental effect on the Authority's bargaining, litigating and negotiating positions. Mr. Hanover also announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. 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, and the Authority's strategy in preparation for negotiations with nonunion personnel.

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

A TRUE RECORD

JOHN A. TIERNEY, Secretary