MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

January 25, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 25th day of January, 2011, 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. Four Members were present: Chairman Robert S. Marshall of Falmouth; Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; and Marc N. Hanover of Dukes County. Robert L. O'Brien of Barnstable was not present

Port Council Chairman George J. Balco of Tisbury, Port Council Vice Chairman S. Eric Asendorf, Port Council Secretary Frank J. Rezendes, and Port Council members Robert R. Jones of Barnstable and Robert V. Huss of Oak Bluffs 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Reservations and Community Relations Manager Gina Barboza; Director of Marketing Kimberlee McHugh; and General Counsel Steven M. Sayers.

Authority Employee Robert Schley:

Mr. Lamson began the meeting by asking for a moment of silence in memory and honor of Woods Hole Dock Worker Robert Schley, who had passed away the prior week at the age of 51 after a courageous battle with cancer for more than ten years. Mr. Lamson declared that "Brothers" Schley will be sorely missed, and that everyone's thoughts and prayers go out to his family and friends.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on December 28, 2010.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for November 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 0.3%), more automobiles (up 1.7%), and more trucks (up 3.0%) during that month than during the same month in 2009. Mr. Lamson also reported that the Authority's operating revenues for the month were $348,000 lower than what had been projected, and that the Authority's operating expenses for the month were also $232,000 lower than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $2,223,000, approximately $116,000 higher than projected.

Mr. Lamson further reported that, for the first eleven months of 2010, the Authority's net operating income was $6,831,000, which was approximately $790,000 higher than expected. In this regard, Mr. Lamson noted that the average cost per gallon of vessel fuel oil for the first eleven months of 2010 had been $2.565, which was the same amount that Mr. Davis had projected for the first eleven months of the Authority's 2010 Operating Budget. 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 around $2,400,000, which would be lower than projected.

Tisbury Park and Ride Agreement:

Mr. Lamson then requested authorization from the Members to renew the Authority's agreement with the Town of Tisbury and the Martha's Vineyard Regional Transit Authority ("VTA") to continue providing the shuttle service between the Tisbury Park 'n Ride parking lot and the Authority's Vineyard Haven terminal during the 2011 calendar year. Mr. Lamson noted that the VTA shuttle van leaves the parking lot 15 minutes before each vessel's scheduled departure and meets each vessel's scheduled arrival, and the Authority reimburses the VTA for 50% of the direct labor and fuel costs attributable to the service plus $200 per month to cover maintenance, insurance and other indirect costs. Mr. Lamson also noted that, for the twelve months ending November 30, 2010, the Authority's contribution had totaled $66,947 and 111,032 passengers had used the Park 'n Ride shuttle service.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Hanover -- to authorize the General Manager to execute a new one-year agreement with the Town of Tisbury and the Martha's Vineyard Regional Transit Authority for the operation of the Tisbury Park and Ride shuttle service, in substantially the same form as the expiring agreement for the shuttle service, as recommended by management in Staff Summary #GM-566, dated January 20, 2011.

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

SeaStreak's New Bedford-Martha's Vineyard Ferry Service:

Mr. Lamson advised the Members that management was recommending that the Authority approve a request from SeaStreak Martha's Vineyard (former New England Fast Ferry Co. of Massachusetts) to suspend its high-speed passenger service between New Bedford and Martha's Vineyard for the 2010-2011 winter season (from December 1, 2010 through March 31, 2011), noting that the New Bedford Harbor Development Commission already had voted to authorize this suspension given the low ridership and economic stress on the ferry service during these months.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to approve the suspension of SeaStreak Martha's Vineyard's ferry service between New Bedford and Martha's Vineyard during the months of December 2010 through March 2011, as recommended by management in Staff Summary #GM-567, dated January 20, 2011.

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

Renewal of Marketing Initiatives for the Nantucket Route:

Mr. Lamson then requested that the Members approve management's recommendation to renew certain marketing initiatives for the Nantucket route that the Authority had initiated the previous year on a trial basis. Specifically, Mr. Lamson stated:

(a) Nantucket Super Saver Auto Rate – Management's recommendation was to continue to designate 10 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, 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 season. This year, management was recommending that the one-way auto fare be $109 during the summer season and $79 during the off-season, and that it continue to be limited to passenger vehicles and small trucks less than 20 feet in length, with rental cars not eligible for this Super Saver fare. Mr. Lamson also clarified that vehicles traveling on the Super Saver rate can be transported on an earlier trip than the one booked only if the earlier trip is on the same day and all standbys and other revenue-generating vehicles have been loaded.

(b) 1-to-3 Day High/Slow-Speed Passenger Combo Ticket – Management's recommendation was that, during the *Iyanough's* operating season, the Authority continue to offer 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 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*.) Management was also recommending that the discounted round-trip fare be $36.50 for adults, $27.50 for eligible senior citizens and $18.50 for children. (Town-imposed $1 round-trip embarkation fees would also need to be collected in addition to those fares.)

(c) Upgraded Fast Ferry Excursion Passenger Tickets – Management's recommendation was to continue to allow 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, provided that they pay the difference between the passenger fare for the Authority's traditional ferries and the *Iyanough's* passenger fare and that, during the *Iyanough's* operating season, they travel on the *Iyanough* within seven days before or after the day that their vehicle travels on the car ferry. Management was also recommending that the Authority continue to 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, because the *Iyanough* will not be in service at the time they upgrade their excursion passenger tickets, these customers would once again be able to use their upgraded tickets anytime during the *Iyanough's* operating season this coming year.

Mr. Lamson also stated that management was recommending that the Authority once again promote all three of these marketing initiatives this year on the Authority's website and through newspaper advertisements, local television stations, "crawls" on the bottom of video monitors at the Authority's terminals and – last but not least – the Authority's email alerts.

In response to a question from Mr. Ranney, Mr. Lamson stated that he felt the 1-to-3 Day High/Slow-Speed Passenger Combo Ticket program had been successful, but that the Authority did not have enough information on the Nantucket Super Saver Auto Rate promotion to conclude whether that similarly had been successful. Mr. Lamson also noted that last year the Nantucket Super Saver Auto Rate promotion had not been promoted as well as the 1-to-3 Day High/Slow-Speed Passenger Combo Ticket promotion.

Also in response to a question from Mr. Ranney, Mr. Lamson confirmed that the Nantucket Super Saver Auto Rate was only for the transportation of the vehicle, and that passengers would have to pay passenger fares in addition to that rate. Mr. Ranney then noted that the promotion appeared to have attracted 170 new customers who had never traveled with the Authority before, and suggested that the Authority continue it another year and keep monitoring it to see how it works. Mr. Ranney also suggested that the easiest way to promote the fare was the Authority's email alert system, observing that 2,600 people were signed up for email alerts, with a 60%/40% split between Martha's Vineyard and Nantucket customers.

Finally, Mr. Ranney suggested that the Authority should have an Apple application that would allow customers to make reservations over their smart phones. In response, Mr. Lamson stated that management was hoping to develop such a mobile application for the Authority's customers as part of the Authority's website redesign project.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve the extension of the marketing initiatives for the Nantucket Route described in Staff Summary #GM-568, dated January 20, 2011, with the proposed changes to those initiatives for 2011 as recommended by management in that staff summary.

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

M/V Eagle Mid-Life Refurbishment Project:

Mr. Walker gave a presentation on the *M/V Eagle* mid-life refurbishment project, updating the Members on the project's currently proposed scope of work. Mr. Walker noted that some the improvements were already being completed during the vessel's current dry-docking at Colonna's Shipyard in Norfolk, Virginia, such as the freight deck ventilation, fuel tank modifications, changing out the channel coolers and hull plating. Mr. Walker then stated that the remaining items will be completed next winter, including installing two lift decks on the freight deck, expanding and improving the interior passenger compartment on the 02 deck (including greatly increasing the number of electrical receptacles), installing new benches and seating, improving the snack bar area, restrooms and crew quarters, upgrading to a new marine evacuation slide system, relocating the rescue boat, and installing new "clam shell" design bow and stern doors, and that the cost estimate for the second phase of the work was between $9,300,000 to $9,500,000.

Website Redesign Contract:

Mr. Lamson advised the Members that the re-design of the Authority's website was still on track to have the new website up and running by the end of April 2011, and that iMarc was striking a balance between providing a resource for potential first-time visitors and making it easier for the Authority's regular customers to make reservations. Mr. Lamson also stated that, when the project gets further along, the Authority should be able to create a link so that the Members can view the website's development.

Reservations for the 2011 Summer Season:

Mr. Lamson then reported that the previous Tuesday the Authority had begun processing vehicle reservation requests on the Internet for the upcoming summer season. Mr. Lamson stated that on the first day the Authority handled over 8,000 transactions and collected over $1,764,000 in deposits, a significant increase from last year's opening-day figures of a little over 7,000 transactions that resulted in over $1,437,000 in deposits. Similarly, over the first six days of Internet bookings this year (through the prior Sunday), the Authority had processed almost 12,000 transactions totaling over $2,413,000, compared to 10,600 transactions totaling $2,054,000 that the Authority had processed during the first six days of Internet bookings last year. Mr. Lamson expressed his hope that these initial positive figures for the Authority's summer vehicle reservations were an indicator of an economic rebound for the Cape and Islands this coming year.

Treasurer's Report:

Mr. Davis reported that the Authority had carried more passengers (up 1.2%), fewer automobiles (down 1.2%), and more trucks (up 2.5%) during the month of December 2010 than during the same month in 2009, and that for the 2010 calendar year, passenger traffic had increased by 1.6% (with high-speed passenger traffic up by 5.2%), automobile traffic had increased by 1.3%, and truck traffic had remained relatively flat.

Mr. Davis then reported that management was still finalizing December activity, but it was reasonable to expect that the Authority will finish in the black for 2010. For the month of December 2010, Mr. Davis stated that operating revenues were expected to be $150,000 below budget projections, maintenance expenses were expected to be $700,000 higher than budgeted due to changes in the overhaul schedule, and general expenses similarly were expected to be $800,000 higher than budgeted as a result of higher pension obligations, health claims and unemployment expenses.

For the 2010 calendar year, Mr. Davis reported that operating revenues were expected to be $550,000 lower than budgeted, operating expenses were expected to be $125,000 lower than budgeted, miscellaneous income was expected to be $190,000 lower than budgeted, and miscellaneous expenses were expected to be $275,000 higher than budgeted. As a result, Mr. Davis said, the Authority's 2010 net operating income was expected to be around $2,400,000, approximately $900,000 below budget projections.

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

Mr. Lamson asked the Members to award Contract #13-10 for dry-dock and overhaul services for the *M/V Katama* to the lowest eligible and responsible bidder for the contract, Thames Shipyard and Repair Company of New London, Connecticut, for a Total Contract Price of $136,996. Mr. Lamson noted that the *M/V Katama* was scheduled to be in the shipyard from late February 2011 until late March 2011 to undergo a required United States

Coast Guard hull examination, machinery inspections and underwater hull cleaning and painting.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract #13-10 for Dry-dock and Overhaul Services for the M/V Katama to the lowest eligible and responsible bidder for the contract, Thames Shipyard and Repair Company of New London, Connecticut, for a Total Contract Price of $136,996, as recommended by management in Staff Summary #E 2011-04, dated January 20, 2011.

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

Advance Reservation and Point-of-Sale Ticketing System:

Mr. Lamson reported that management had rejected all three proposals the Authority had received to develop a new Advance Reservation and point-of-sale Ticketing System ("ARTS") because none of them were able to meet the Authority's hardware, software and system functionality requirements. (For example, Mr. Lamson said, none of the proposed systems currently have a "wait list" capability.) Mr. Lamson stated that management had concluded that it was in the Authority's best interest to continue with its current automated reservation system for the foreseeable future. However, Mr. Lamson said, management will now be looking into the feasibility of separately upgrading the Authority's point-of-sale ticketing and fare collection management system in order to integrate modern technology, including the installation of readers and other devices to accept smart cards and other cards (such as the MBTA Charlie Card).

Mr. Marshall suggested that the Authority's request for proposals might have been seeking a system that does not yet exist, observing that none of the proposals had met its minimum requirements. Mr. Lamson agreed, noting that management had approached some of the biggest companies in this field but several of them had declined to submit proposals because they knew they could not meet the Authority's requirements. In response to a question from Mr. Ranney, Mr. Lamson stated that management had talked with other ferry systems to see what they use; that Washington State Ferries was just becoming involved in this area, and that the Cape May ferry's reservation system did not seem to have a wait list capability. But Mr. Lamson stated that management was continuing to look for the right system and that he always discussed the issue with vendors at the conferences he attends.

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

Mr. Lamson asked the Members to award Contract #25-10 for the Supply and Delivery of Two MTU 12V4000M53R Diesel Engines and Two ZF7510 Reverse Reduction Gears to the lowest eligible and responsible bidder for the contract, New England Detroit Diesel – Allison, of Wakefield, Massachusetts, for a Total Contract Price of $918,089. Mr. Lamson noted that these engines and gears were the ones that will be used to re-power the *M/V Governor*, and will be required to be delivered by the end of March 2011 to Thames Shipyard and Repair Company, the shipyard that will be doing the work.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract #25-10 for the Supply and Delivery of Two (2) MUT 12V4000M53R Diesel Engines and Two (2) ZF 7510 Reverse Reduction Gears to the lowest eligible and responsible bidder for the contract, New England Detroit Diesel – Allison, of Wakefield, Massachusetts, for a Total Contract Price of $918,089, as recommended by management in Staff Summary #E 2011-01, dated January 20, 2011.

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

Contract to Re-Power the M/V Governor:

Mr. Lamson informed the Members that, pursuant to the authorization they had given him at their last meeting, he had awarded Contract #28-10 to Re-Power and Provide Associated Services for the *M/V Governor* to Thames Shipyard and Repair Company of New London, Connecticut, the lowest eligible and responsible bidder for the contract when bids had been opened on January 18, 2011, for a Total Contract Price of $648,535. Mr. Lamson stated that Thames was now responsible to re-power the *M/V Governor* and complete all work by April 15, 2011, at which time the vessel must be delivered back to the Authority.

Mr. Lamson noted that, after having received bids for the engines and gears, and the shipyard work, it appeared that the *M/V Governor* Re-Powering Project was going to cost around $330,000 more than management's original $1,600,000 estimate. But Mr. Lamson stated that management still would have recommended undertaking the project at this higher cost. In response to a question from Mr. Ranney as to whether the *M/V Governor* was worth the money, Mr. Lamson stated that it was important for the Authority to have a spare vessel.

M/V Eagle Structural Fire Protection Materials and Finishes:

Mr. Lamson then asked the Members for authorization to award Contract #03-11 to furnish, deliver and apply structural fire protection materials and finishes onboard the *M/V Eagle* to the lowest eligible and responsible bidder for the contract when bids are opened on February 8, 2011. Mr. Lamson stated that, during a recent United States Coast Guard annual inspection, it was determined that the freight deck on the *M/V Eagle* is a Category 7 space in which no passengers are allowed while the vessel is underway. Mr. Lamson reported, however, that the Coast Guard had approved a plan of action that the Authority had submitted to upgrade the freight deck from a Category 7 space to a Category 11 space in which passengers are allowed while the vessel is underway, which includes the work under this contract. Mr. Lamson also noted that the estimated cost of this contract was $375,000.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract #03-11to Furnish, Deliver and Apply Structural Fire Protection Materials and Finished onboard the M/V Eagle to the lowest eligible and responsible bidder for the contract when bids for the contract are opened on Tuesday, February 8, 2011, as recommended by management in Staff Summary #E 2011-03, dated January 20, 2011.

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

Port Council's Report:

Mr. Balco reported that, at their meeting earlier in the month, the Port Council had discussed the possibility of having the Authority conduct an economic forecast and that, in this regard, management had provided the Port Council with the ferry traffic forecasting report that had been prepared by KJS Associates, Inc. in 1996, which Mr. Balco observed was very interesting but turned out to be totally incorrect. Mr. Balco then reported that the Port Council had ended their discussion with no particular conclusions, although he noted that the forthcoming 2010 census data should help the Authority see where the economy might be heading.

At approximately 11:05 a.m., Mr. Marshall 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. Marshall 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. Hanover -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, and the Authority's strategy in preparation for negotiations with nonunion personnel.

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

A TRUE RECORD

H. FLINT RANNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

March 8, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 8th day of March, 2011, beginning at 9:55 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. Four Members were present: Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County. Chairman Robert S. Marshall of Falmouth was not present

Port Council Chairman George J. Balco of Tisbury, Port Council Secretary Frank J. Rezendes, and Port Council members Robert R. Jones of Barnstable and Robert V. Huss of Oak Bluffs 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Reservations and Community Relations Manager Gina Barboza; Director of Marketing Kimberlee McHugh; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on January 25, 2011.

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

During the Members' discussion of the minutes, Mr. Ranney moved that the description on page 7 of the *M/V Eagle's* new bow and stern doors be changed from "'clamshell' design" to "horizontally rolling," but no other Member seconded his motion.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for January 2011, 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 (down 5.8%), fewer automobiles (down 4.0%), and fewer trucks (down 2.4%) during that month than during the same month in 2010. Mr. Lamson also reported that the Authority's operating revenues for the month were $178,000 lower than what had been projected, and that the Authority's operating expenses for the month were also $370,000 lower than projected, but that most of the variance in expenses was due to a timing difference in maintenance and repair work that is expected to be completed over the next few months. Nevertheless, Mr. Lamson said, the Authority's net operating loss for the month had been around $2,467,000, approximately $190,000 lower than projected.

Mr. Lamson then recounted how the Authority had purchased heating oil contract options in 2010 that will cap the Authority's exposure to spikes in fuel oil prices during 2011. As a result, Mr. Lamson said, there will be no need for any additional adjustments to the Authority's fares this year due to any higher fuel prices. In response to a request from the Members, Mr. Lamson stated that management would prepare a summary of how much the Authority's fuel hedging program has cost compared to how much it has saved the Authority from higher fuel prices.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Walker reported that the *M/V Eagle's* dry-dock at Colonna's Shipyard in Virginia had gone well and that including the dry-dock in the first phase of the mid-life refurbishment project had eliminated the need to have the vessel dry-docked during the project's second phase, which will allow more shipyards to bid on the second phase. Mr. Walker also reported that the invitation for bids for the second phase of the project had been sent to 24 different shipyards and vendors, and that the deadline for submitting bids for the contract is April 12, 2011.

M/V Governor Re-Powering Project:

Mr. Walker then reported that the *M/V Governor* Re-powering Project was on budget and that the work was proceeding ahead of schedule, with the gears having been delivered the first week of February, the engines having been delivered on March 1, 2011, and the propellers due to be delivered on time on April 1, 2011. Mr. Walker stated that the vessel will be dry-docked upon the delivery of the propellers, and that he expected all tests and the contract to be completed by April 15, 2011, which is well before the vessel is scheduled to go back into service in late May 2011.

Passenger Ramps and Platforms:

Mr. Walker then reported that the contractor responsible for installing the Authority's new passenger ramps and platforms at the Woods Hole, Oak Bluffs, Nantucket and Vineyard Haven terminals was currently installing the Woods Hole ramps and platforms, which will be finished by the end of the month, and that the Oak Bluffs ramps and platforms will then be finished by the end of April. Mr. Walker also reported that the work of the contractor responsible for fabricating all of the new ramps and platforms has been of high quality and on schedule.

Website Redesign Contract:

Mr. Lamson advised the Members that the Authority's website re-design project had run into some integration problems with the reservations system and other content management features. As a result, Mr. Lamson said, the earliest completion date for the new website had slipped to mid-July, and he had decided that it will be better to wait until the end of the summer season to launch it. However, Mr. Lamson reported that iMarc's functional requirements document is very thorough and that everyone associated with the project was comfortable with what needs to be done. Mr. Lamson noted that another issue was that iMarc had planned that the website would be hosted on one single server; but management had decided to have three dedicated servers for the website (as exist now) to ensure that the website is not down for any extended time. Mr. Lamson observed that, although it will cost an additional $30,000 to have the redundant servers set up and on line, he believed that the entire project was going to end up being a very good one.

Mr. Ranney stated that he thought it was a wise decision to postpone the launching of the redesigned website until after the summer season, and that he also liked the idea of having redundant servers, observing that it was too risky to have only one server hosting the website.

Designer Selection Board:

Mr. Lamson reported that the management staff was recommending that the Authority not seek a renewal of its exemption from the State Designer Selection Board, but instead utilize the services of the State Board to select a designer for the Woods Hole Terminal Reconstruction Project and to select up to four pre-approved designers for the Authority's reasonably anticipated projects for the repair or renovation of its buildings for the next several years. Mr. Lamson noted that the State Board already had expressed an interest in helping the Authority select a designer for the reconstruction of the Woods Hole terminal, and that management believed the project can greatly benefit from the State Board's expertise in this area. In addition, Mr. Lamson said, the State Board had instituted what it calls "house doctor" procedures pursuant to which it will pre-approve three or four designers for what the State Board considers small repair and renovation projects (with a construction cost of under $2,000,000). Mr. Lamson noted that, once these "house doctors" are approved, they can remain "on call" indefinitely, provided the Authority adheres to the conditions of their appointment and does not exceed the not-to-exceed aggregate fee amount per designer (usually $300,000).

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to not seek a renewal of the Authority's exemption from the State Designer Selection Board, but instead to use the services of the State Board to select a designer for the Woods Hole Terminal Reconstruction Project and to select up to four pre-approved designers for the Authority's reasonably anticipated projects for the repair or renovation of its buildings for the next several years, as recommended by management in Staff Summary #L-393, dated March 3, 2011.

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

Treasurer's Report:

Mr. Davis then reviewed some preliminary operating results for the 2010 calendar year, as set forth in his memorandum to the Members and the Port Council members, dated February 22, 2011, although he cautioned that the Authority's auditors were still reviewing activity for that year. Mr. Davis noted that the Authority's net operating income (before capital grants and income from special-purpose funds) was expected to be around $2,114,000 for 2010, which was around $1,535,000 lower than what it was in 2009 and around $1,175,000 lower than what had been projected in the 2010 Operating Budget. However, Mr. Davis also reported that, in 2010, the Authority had recorded an additional $3,489,000 in capital grants, making the change in net assets for the year $5,606,000.

Reauthorization of Investment Policy:

Mr. Davis recommended that the Members reauthorize the Authority's Investment Policy that formally establishes the types of permitted investments that can be made with Authority funds. Mr. Davis recounted how the Members had formally adopted the policy in June 2003, but he stated that, in 2010, the Commonwealth of Massachusetts had adopted new regulations relating to the investment of public funds that require the Authority to formally adopt its Investment Policy every two years. Mr. Davis also noted that the proposed Investment Policy reflected certain modifications to the Authority's existing policy that had been suggested by the Port Council.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to reauthorize the Authority's Investment Policy in the form attached to Staff Summary #A-527, dated March 3, 2011.

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

Debt Issuance and Debt Management Policy:

Mr. Davis then recommended that the Members authorize the Authority's Debt Issuance and Debt Management Policy that formally establishes the framework regarding the Authority's administration and management of the Authority's debt. Mr. Davis reported that the Commonwealth's Executive Office for Administration and Finance had established new requirements in 2010 requiring the Authority to formally adopt one or more policies regarding the purpose and use of debt proceeds, internal debt management, debt limitations and the process for debt issuance. Management's proposed policy, Mr. Davis said, would formally document the debt administration principles and practices that the Authority already has been following for many years.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to authorize the Authority's Debt Issuance and Debt Management Policy in the form attached to Staff Summary #A-528, dated March 3, 2011.

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

Supply and Delivery of Two Electric Winches:

Mr. Lamson asked the Members to award Contract #02-11 for the supply and delivery of two electric winches to the lowest eligible and responsible bidder for the contract, Coastal Equipment Corporation of Portland, Maine, for a Total Contract Price of $25,559. Mr. Lamson noted that these will be spare electric winches used to operate the vertical movement of all of the Authority's transfer bridges.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract #02-11 for the Supply and Delivery of Two Electric Winches to the lowest eligible and responsible bidder for the contract, Coastal Equipment Corporation of Portland, Maine, for a Total Contract Price of $25,559.00, as recommended by management in Staff Summary #E 2011-07, dated March 2, 2011.

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

M/V Eagle Structural Fire Protection Materials and Finishes:

Mr. Lamson then reported that, in accordance with the authorization the Members had given him at their last meeting, he had awarded Contract #03-11 to furnish, deliver and apply structural fire protection materials and finishes onboard the *M/V Eagle* to the lowest eligible and responsible bidder for the contract, Anchor Insulation Company of East Lyme, Connecticut, for a Total Contract Price of $389,550. Mr. Lamson stated that the materials were being applied on the overhead, bulkheads, structural members, penetrating items, plenums and air ducts fans in the vessel's engine room, auxiliary machinery space and bow thruster space in order to upgrade the freight deck from a Category 7 space to a Category 11 space in which passengers are allowed while the vessel is underway.

M/V Nantucket Dry-Dock and Overhaul Services:

Mr. Lamson then asked the Members to award Contract #04-11 for dry-dock and overhaul services for the *M/V Nantucket* to Derecktor Shipyard of Bridgeport, Connecticut, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $213,468. Mr. Lamson noted that, under the contract, the vessel will undergo a required United States Coast Guard hull examination, machinery inspections and underwater hull cleaning and painting.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract #04-11 for Dry-dock and Overhaul Services for the *M/V Nantucket* to the lowest eligible and responsible bidder for the contract, Derecktor Shipyard of Bridgeport, Connecticut, for a Total Contract Price of $213,468.00, as recommended by management in Staff Summary #E 2011-06, dated March 2, 2011.

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

Port Council's Report:

Mr. Balco reported that, at their meeting in February, the Port Council had an extensive discussion about the proposed Investment Policy and Debt Issuance and Debt Management Policy, and had made a number of suggestions regarding those policies that were subsequently adopted by management. At their March meeting, Mr. Balco said, the Port Council then voted to recommend the revised versions of those policies that were approved by the Members earlier that day. Mr. Balco also reported that the Port Council had begun a discussion, which will continue, on whether to amend the Port Council's by-laws so that its officers rotate on a formal basis.

Falmouth Academy:

David Faus, Headmaster of Falmouth Academy, thanked the Authority for its service to the Academy's students, noting that currently there were 18 families on Martha's Vineyard whose children are enrolled at the Academy and that children from 15 Martha's Vineyard families were applying for enrollment next year. Mr. Faus declared that the Academy had a great relationship with the Authority, and that the students were commuting on the Authority's boats 180 days a year. In this regard, although Mr. Faus asked the Members to consider establishing a discounted student rate during the off-season to make their commute more affordable, he stated that the most important thing he had to say was to thank the Authority for caring for the Academy's students.

Messrs. Hanover and Huss both praised the Academy's students, saying how well behaved they are on the boats and how they always appear to be doing their homework. Mr. Lamson also stated that management would look into whether a discounted rate for secondary school student commuters could be created that would lower their commuting expenses from what they were paying now by using the Authority's 46-ride adult commuter books, which were estimated by Mr. Faus to be around $1,200 a year.

Promotion of Nantucket Marketing Initiatives:

Mr. Ranney asked whether management could encourage the Hyannis and Nantucket ticket seller to be more proactive in promoting the Authority's various Nantucket marketing initiatives, such as the Nantucket Super Saver Auto Rate, the 1-to-3 Day High/Slow-Speed Passenger Combo Tickets, and the Upgraded Fast Ferry Excursion Passenger Tickets. Mr. Ranney noted that many people on Nantucket still did not know that the Authority had these initiatives, and he expressed his concern that ticket sellers might not be saying anything about them because they think the Authority loses money on them.

Summer 2011 Vehicle Reservations:

Mr. Lamson reported that, as of the end of February 2011, the Authority had 5.3% more vehicle reservations for the upcoming summer season than it had the same time the previous year, and that those reservations reflected a 6.4% increase in revenue from the previous year as well. Mr. Lamson stated that he hoped these continued positive figures for the Authority's summer vehicle reservations were an indicator of an economic rebound for the Cape and Islands this year.

At approximately 10:52 a.m., Mr. Tierney 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. Tierney 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. Hanover -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase, exchange, lease and value of real estate, and the Authority's strategy in preparation for negotiations with nonunion personnel.

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

A TRUE RECORD

H. FLINT RANNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

March 31, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 31st day of March, 2011, beginning at 2:15 p.m., in the second floor meeting room of the Authority's Hyannis terminal, located at 141 School Street, Hyannis, Massachusetts. Three Members were present: Secretary H. Flint Ranney of Nantucket; Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County. Chairman Robert S. Marshall of Falmouth and Vice Chairman John A. Tierney of New Bedford were not present

Port Council member Robert R. Jones of Barnstable was 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 Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

After convening the meeting in public session, Mr. Ranney entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to these particular collective bargaining matters may have a detrimental effect on the Authority's bargaining, litigating and negotiating positions. Mr. Ranney also announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining matters, including ratification of the tentative collective bargaining and related agreements with Teamsters Union Local No. 59, the New England Teamsters and Trucking Industry Pension Fund and the Teamsters Union 25 Health Services & Insurance Plan for the Authority's agency and terminal employees and maintenance employees.

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

A TRUE RECORD

H. FLINT RANNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

April 19, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 19th day of April, 2011, beginning at 2:00 p.m., in the south lounge on the first floor of the Wamsutta Club of New Bedford, located at 427 County Street, New Bedford, Massachusetts. Four Members were present: Chairman Robert S. Marshall of Falmouth; Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; and Marc N. Hanover of Dukes County. Robert L. O'Brien of Barnstable was not present

Port Council Chairman George J. Balco of Tisbury, Port Council Secretary Frank J. Rezendes, and Port Council members Robert R. Jones of Barnstable, S. Eric Asendorf of Falmouth 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 Information Technologies Mary T.H. Claffey; Director of Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Reservations and Community Relations Manager Gina 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. Tierney's motion, seconded by Mr. Hanover -- to approve the minutes of the Members' meeting in public session on March 8, 2011.

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

Mr. Marshall abstained from voting on the minutes of the Members' meeting in public session on March 8, 2011.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on March 31, 2011.

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

Messrs. Marshall and Tierney abstained from voting on the minutes of the Members' meeting in public session on March 31, 2011.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for February 2011, 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 (down 0.6%), fewer automobiles (down 2.1%), and more trucks (up 1.2%) during that month than during the same month in 2010. Mr. Lamson also reported that the Authority's operating revenues for the month were $53,000 lower than what had been projected, and that the Authority's operating expenses for the month were $185,000 higher than projected, but that most of the variance in expenses was due to a timing difference in maintenance and repair work. Nevertheless, Mr. Lamson said, as a result, the Authority's net operating loss for the month had been around $2,811,000, approximately $238,000 higher than projected.

Mr. Lamson reported that for the first two month of 2011, the Authority's operating revenues had been $233,000 lower than projected, that its operating expenses similarly had been $185,000 lower than projected, and that, as a result, the Authority's net operating loss for the first two months of 2011 had been $5,278,000, around $48,000 higher than projected. Mr. Lamson noted, however, that the Authority's cash balances remained strong due to the pre-payment of vehicle reservations for the 2011 summer season.

In response to a question from Mr. Marshall, Mr. Lamson stated that, while revenues had been a little bit lower than projected in all categories, nothing seemed out of the ordinary. Mr. Lamson also noted that, given the low traffic figures during the winter months, even a small change in those figures would result in relatively high percentage variances.

M/V Governor Re-Powering Project:

Mr. Walker then reported that the *M/V Governor* Re-powering Project was going well, that the engines were aligned and set, that engine #1 would be started by the end of that week, and that engine #2 would be started by the beginning of the following week. Mr. Walker also reported that the vessel's sea trials would take place on April 28-29 and that it will then return to Fairhaven around the end of April. Mr. Walker also stated that the Authority had received a verbal approval of the new engine control systems from the United States Coast Guard and was going ahead with the installation of those systems.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Walker reported that four to six shipyards had expressed interest in the *M/V Eagle's* mid-life refurbishment contract, and that three shipyards – namely, Colonna's Shipyard of Norfolk, Virginia, Eastern Shipbuilding Group of Panama City, Florida, and Horizon Shipbuilding of Bayou La Batre, Alabama – would definitely be submitting bids for the contract. Mr. Walker also reported that the deadline for submitting bids had been extended to May 10, 2011 so that the contract can be awarded at the Members' next meeting in May 2011.

Passenger Ramps and Platforms:

Mr. Walker then reported that the contractor responsible for installing the Authority's new passenger ramps and platforms at the Woods Hole, Oak Bluffs, Nantucket and Vineyard Haven terminals would be finished with the Woods Hole passenger ramps and platforms by the end of the following week, after making some modifications to their elevations. Mr. Walker also reported that the ramps and platforms for the Oak Bluffs terminal were delivered the previous day, that their installation would take around three weeks and that, accordingly, they would be completed well before the terminal opens for the 2011 summer season.

Fairhaven Slip Improvement Project:

Mr. Walker reported that the Massachusetts Department of Transportation was reviewing the engineering for the dolphins that the Authority will be installing at the Fairhaven Vessel Maintenance Facility, noting 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. Walker stated that the invitation for bids for the contract would be issued in May 2011, with a bid opening date in June 2011 so that the construction work can be completed during the summer before Labor Day.

Vessel Pump-out Facilities:

Mr. Lamson reported that the Authority was making good progress towards being able to pump out the sewage from all of its vessels into each port community's sewage system within the next few years instead of treating the sewage and then discharging it at sea. Mr. Lamson noted that the Authority already had received permission from Nantucket and Barnstable to pump out its vessel sewage into their sewer systems, and that the voters at Tisbury's town meeting had just unanimously approved an allocation to the Authority of 5,000 gallons a day into their sewer system. Mr. Lamson then reported that the Authority also has had several meetings with Falmouth officials where they have discussed concerns about the condition of the Town's main pipe running down Luscombe Avenue in Woods Hole. Accordingly, Mr. Lamson asked the Members to vote to offer to pay one-half of the cost of repairing that pipe (up to $23,000) in order to maintain the Authority's progress.

Mr. Lamson also reported that, assuming an agreement is worked out with the Town of Falmouth, an invitation for bids would then be issued this fall to construct the pump-out facilities at all of the Authority's shoreside facilities so that they are completed by the spring of 2012. However, Mr. Lamson said, due to the dry-dock schedules of the Authority's vessels, it will still take several years to retrofit all of them so that they will be able to pump out their sewage while at shore.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to authorized the payment to the Town of Falmouth of one-half of the cost of repairing the main sewer pipe running down Luscombe Avenue in Woods Hole (up to $23,000) as part of a memorandum of agreement to be negotiated and entered into with the Town allowing the Authority to pump sewage from its vessels into the Town's sewer system.

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

Website Redesign Contract:

Mr. Lamson then reported that, although the Authority's new website is not going to be launched until after Columbus Day, iMarc had confirmed that it will be able to develop a dedicated mobile application for the Authority's current website that will be available to the public before Memorial Day and will allow customers to receive travel alerts, check the current status of (and obtain directions to) the Authority's various parking lots, view the Authority's schedules, and see contact information. Although Mr. Lamson noted that customers initially will not be able to use the application to make reservations, after the new website is completed, the application will allow customers to make reservations as well. Mr. Lamson also reported that iMarc had finalized the functionality document for the SSA's new website and was now going to start the "construction" phase of the project.

In response to a question from Mr. Ranney, Ms. Claffey stated that, although an on-line store will not be part of the new website's initial launch, the Authority will have the ability to integrate an on-line store into the website so that in the future the Authority can sell merchandise on it. Mr. Ranney then mentioned that the website also could have a page that sells instant, short-term discounted fares when the Authority has plenty of space the next day that otherwise would be unsold, similar to the instant specials that a company called Groupon promotes for various businesses.

Student 46-Ride Monthly Commuter Books:

Mr. Lamson then reported that, in response to a request that was made at the Members' meeting last month by David Faus, Headmaster of Falmouth Academy, management was recommending that the Authority establish a reduced price of $100 for its 46-ride monthly commuter books (whose current price is $138) for the Martha's Vineyard route when they are used by secondary school students. Mr. Lamson stated that the books' coupons would continue to be valid for transportation during the same calendar month, and that the Authority would sell the books to Falmouth Academy (and any other secondary school who wishes to buy them), who would then be responsible for providing them to individual students. Mr. Lamson also noted that the reduced commuter rate for secondary school students would not apply to faculty members or college students.

In response to a question from Mr. Ranney, Mr. Lamson stated that he did not believe these books would have a significant effect on the Authority's net income, estimating that there might be a $5,000 decrease in revenues due to the 25 students who commute by boat on a regular basis. Mr. Marshall then suggested that each secondary school that sells these books be required to provide the Authority with a list of the students to whom the books are sold, and Mr. Ranney also suggested that the books themselves have a sticker or otherwise be stamped with the word "Student" so that they are used only by the students for whom they are intended.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve a new rate of $100 for a 46-ride monthly commuter book for secondary school students, provided that each school is financially responsible for the purchase of the books for its students, as recommended by management in Staff Summary #GM-570, dated April 14, 2011.

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

Exchange of Property with the Town of Falmouth:

Mr. Lamson reported that the Town of Falmouth had approached the Authority about the possibility of acquiring a parcel of undeveloped property the Authority owns on Research Road in West Falmouth that abuts the Town's wastewater treatment facility for the potential expansion of that facility, and had suggested giving the Authority in exchange for that property another parcel of undeveloped property that it owns which is located on the other side of Research Road just south of other property the Authority owns in the area. Mr. Marshall then urged the other Members to approve this concept, as the Town needs the Authority's property to develop its major waste water treatment plan.

Mr. Hanover suggested that, as a condition of the transaction, the Authority should ask the Town to change the zoning of the property which the Town transfers to the Authority to allow for industrial use, but Mr. Marshall disagreed, observing that the transaction will have to be approved at Town Meeting and such a condition would be strongly opposed by the community. Mr. Ranney then asked whether it would be better for the Authority to transfer property it owns east of Research Road to the Town instead of the property it owns west of Research Road. But Mr. Lamson noted that the Authority will be retaining an easement that gives it the right to access that other property by way of the property which it is conveying to Falmouth Youth Hockey League, Inc.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize management to negotiate a memorandum of agreement with the Town of Falmouth, subject to the Members' approval, for the exchange of property owned by the Authority and the Town abutting Research Road, as recommended by management in Staff Summary #GM-571, dated April 14, 2011.

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

The Authority's Fuel Hedging Program:

Mr. Davis then reviewed charts he had prepared showing how much the Authority has spent on its fuel hedging program compared with how much the program has protected the Authority against spikes in vessel fuel prices to date, as well as how much it is expected to protect the Authority for the rest of the 2011 calendar year. Mr. Davis reported that the Authority will have spent $1,512,000 in premiums to hedge its fuel prices for the three years 2009 through 2011. Assuming fuel prices remain at current levels through the end of 2011, Mr. Davis said, the program's effective cap on the Authority's fuel prices will in turn save the Authority around $1,900,000 during this same three-year period. Mr. Davis also noted that, even if fuel prices drop and the Authority does not see this anticipated financial savings, the program still provides the Authority with insurance against dramatic price increases and gives the Authority more certainty to the budgeting process. But Mr. Davis observed that, because the Authority's budgeted fuel expense is lower than its capped prices, if oil remains at its current price through the end of the year, the Authority will still spend around $800,000 more for fuel this year than what is projected in the Authority's 2011 Operating Budget.

In response to a question from Mr. Ranney, Mr. Davis stated that he had had some discussions with the Authority's consultant regarding the Authority's strategy for its fuel hedging program in 2012, and that he expected the options for next year will be purchased before the Authority begins the budgeting process. Mr. Lamson also noted that the Authority may hedge only a portion of its fuel needs next year because of market changes since the Authority previously purchased its options for the 2011 calendar year. Mr. Balco also reported that this subject had been extensively discussed at the Port Council's meeting earlier that month, and that it was observed that the Authority now needed to develop procedures to ensure that the payouts of the Authority's options are appropriately timed.

Treasurer's Report:

Mr. Davis then reported that, for the month of March 2011, the Authority had carried fewer passengers (down 1.0%), more automobiles (up 3.2%), and fewer trucks (down 0.3%) than during the same month in 2010. Mr. Davis also reported that the Authority's operating loss for the month was expected to be around $2,900,000, or $100,000 lower than budgeted, with operating revenues $45,000 lower than budget projections and operating expenses also $160,000 lower than projected, although a good portion of the variance in expenses was due to timing differences in maintenance and repair work, such as postponing the replacement of the #1 dolphin at the Vineyard Haven terminal until the fall.

Mr. Davis also reported that the Authority's independent auditors, Deloitte & Touche LLP, had finished their field work and that the Authority's financial statements were in the production stage and should be available the following week. However, Mr. Davis also noted that immediately after Deloitte & Touche LLP finished their field work, a team from the State Auditor's office started their own audit, which was expected to take six to eight weeks. As part of their audit, Mr. Davis said, the State Auditor's team was reviewing the Accounting Policies and Procedures Manuals and the Risk Assessment, Internal Controls Manual prepared by the Authority's Accounting Department.

Fairhaven Maintenance Facility Boiler Replacement:

Mr. Lamson then asked the Members to award Contract #07-11 for the replacement of the boiler at the Fairhaven Maintenance Facility to the lowest eligible and responsible bidder for the contract, Glennon Plumbing & Heating, Inc. of New Bedford, Massachusetts, for a Total Contract Price of $18,500. In addition, Mr. Lamson noted that the Authority may receive a $5,000 rebate from MassSave with the installation of this high-efficiency heating equipment and, as a result, the Authority would get back the amount of its investment in approximately seven years through efficiency savings.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract #07-11, Fairhaven Maintenance Facility Boiler Replacement, to the lowest eligible and responsible bidder for the contract, Glennon Plumbing & Heating, Inc. of New Bedford, Massachusetts, for a Total Contract Price of $18,500, as recommended by management in Staff Summary #E 2011-09, dated April 13, 2011.

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

Port Council's Report:

Mr. Balco reported that, at their meeting earlier that month, the Port Council had discussed the septage pump-out facilities, the refurbishing of the bath house in Oak Bluffs, the Authority's new website, and its exemption from the State Designer Selection Board. Mr. Balco also reported that the Port Council had spent quite a bit of time discussing the Authority's fuel price hedging program, and Falmouth Academy's request for a lower-priced student commuter book.

Scheduling of the Members' Next Monthly Meeting:

Mr. Lamson stated that Mr. O'Brien had asked whether the Members could reschedule their next month's meeting from May 17, 2011 to either May 10 or May 12, 2011. Noting that the bids for the *M/V Eagle* Mid-Life Refurbishment Contract were scheduled to be opened on May 10, 2011, the Members tentatively agreed to change their May 2011 meeting to May 12, 2011 in order to provide Mr. Walker some time to review the bids prior to the award of the contract.

At approximately 2:55 p.m., Mr. Marshall 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. Marshall 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 the Authority's strategy in preparation for negotiations with nonunion personnel.

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

A TRUE RECORD

H. FLINT RANNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

May 12, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 12th day of May, 2011, 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 Robert S. Marshall of Falmouth; Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County.

Port Council Chairman George J. Balco of Tisbury, Port Council Secretary Frank J. Rezendes, and Port Council members Robert R. Jones of Barnstable and Robert V. Huss of Oak Bluffs 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Reservations and Community Relations Manager Gina 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. Hanover's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on April 19, 2011.

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

Mr. O'Brien abstained from voting on the minutes of the Members' meeting in public session on April 19, 2011.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for March 2011, 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 (down 1.0%), more automobiles (up 3.2%), and fewer trucks (down 0.3%) during that month than during the same month in 2010. Mr. Lamson also reported that the Authority's operating revenues for the month were $23,000 lower than what had been projected, and that the Authority's operating expenses for the month were $370,000 lower than projected, but that most of the variance in expenses was due to a timing difference in maintenance and repair work. Nevertheless, Mr. Lamson said, as a result, the Authority's net operating loss for the month had been around $2,670,000, approximately $347,000 lower than projected.

Mr. Lamson then reported that, for the first three months of 2011, the Authority's operating revenues had been $256,000 lower than projected, that its operating expenses similarly had been $555,000 lower than projected, and that, as a result, the Authority's net operating loss for the first three months of 2011 had been $7,948,000, almost $300,000 lower than projected.

M/V Governor Re-Powering Project:

Mr. Walker reported that the *M/V Governor* Re-powering Project had gone very well, and he thanked everyone involved. Mr. Walker also reported that the new propulsion was working perfectly and that the vessel is now able to operate at more than 13 knots, which is more speed than necessary to maintain its schedule on the Martha's Vineyard route.

Passenger Ramps and Platforms:

Mr. Walker then reported that the contractor responsible for installing the Authority's new passenger ramps and platforms at the Woods Hole, Oak Bluffs, Nantucket and Vineyard Haven terminals would be finished with the Woods Hole passenger ramps and platforms by the end of the week, after making some more modifications to the ramps. Mr. Walker also reported that the installation of the ramps and platforms at the Oak Bluffs terminal had already been completed.

Sewage Pump-Out Facilities:

Mr. Walker stated that he had nothing new to report on the status of the Authority's new sewage pump-out facilities, that the Town of Falmouth had no issues with the Authority's plans with respect to the pump-out facilities in Woods Hole, and that the Authority was still looking to enter into a memorandum of understanding with the Town regarding those facilities.

Thomas B. Landers Road Parking Facility:

Mr. Walker reported that, by the end of the week, the Authority would be receiving for its review a draft of the Final Environmental Impact Report for the Authority's Falmouth parking improvements, including its new parking facility off of Thomas B. Landers Road.

Fairhaven Slip Improvement Project:

Mr. Walker reported that the Massachusetts Department of Transportation was reviewing the drawings and specifications for the refurbished transfer bridge and dolphins at the Authority's Fairhaven Vessel Maintenance Facility, that the contract for the work would be awarded over the summer, and that the construction work would be completed by October 1, 2011. This project is being funded in part with a $500,000 grant the Authority received under the U.S. Department of Transportation's Ferry Boat Discretionary Program.

Website Redesign Contract:

Mr. Lamson then reported that management was still hoping to have a dedicated mobile web application for the Authority's current website available to the public before Memorial Day, which will allow customers to check the current status of operations, obtain directions to the Authority's various parking lots, and view the Authority's schedules. Mr. Lamson also reported that customers will not need to download the application; rather, whenever someone connects to the website, the website will detect the type of browser being used by the customer and will then default to the streamlined mobile version of the webpage for customers using smart phones and other mobile devices (although those customers will still be able to click on a button to bring up the website's full homepage). Mr. Lamson stated that when the dedicated mobile web application is available, management will distribute a flyer and send notices out so that the Authority's customers will know about it.

Succession Planning for the Position of General Manager:

Mr. Lamson noted that one of the goals the Members had given to him was the development of a succession plan detailing how the new General Manager will be chosen upon his departure, and to consider whether the Authority should create a new "Assistant General Manager" position. In this regard, Mr. Lamson assured the Members that he did not have any plans at the moment to retire, and that as yet he had no date in mind for his retirement. Therefore, Mr. Lamson said, he felt it would be premature to designate someone to succeed him because the challenges facing the Authority could be entirely different when he eventually does retire than what they are now. In addition, Mr. Lamson stated that he did not believe the Authority should create a new "Assistant General Manager" position or add that description to a current staff member's title.

Mr. Lamson further stated that he would try to give the Members sufficient notice of at least a year before his intended retirement so that they could begin the search process. In the event he were suddenly incapacitated, Mr. Lamson stated that there were several members of the staff who could oversee the Authority's operations for a period of time while the Members chose a new General Manager. Mr. Lamson declared that, when the new General Manager is selected, the Members will need to consider candidates with the right experience and qualifications at that time, and may want to consider only internal candidates or both internal and external candidates simultaneously, depending upon what is needed at that time.

Mr. Ranney declared that Mr. Lamson had given his succession planning a great deal of thought and had done a great job, and that he agreed with the recommendation completely. Mr. Marshall agreed, but questioned whether it went far enough, noting that succession plans generally are subject to review every year or every other year. Mr. O'Brien also declared that Mr. Lamson had done an excellent job, but asked whether the Members should first review the document internally to make certain that it was what they wanted, and then vote on the subject at their next meeting. However, after Mr. Balco noted that the Port Council had also reviewed Mr. Lamson's recommendation and had voted unanimously to ask that the Members adopt it, the Members agreed that nothing further needed to be done at this point, provided that the succession planning is updated on an annual basis.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to adopt the concept and process described in Staff Summary #GM-572, dated May 5, 2011, by which the General Manager's eventual successor will be selected, which still provides the Members with all of the flexibility to revise the succession planning and process in the future if necessary, and subject to review on an annual basis.

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

2010 Analysis of Rates versus Cost of Service:

Mr. Davis reviewed his analysis of our rates to cover the respective cost of service for passengers, automobiles and trucks on each route during 2010, as described in Staff Summary #A-529, dated May 5, 2011. 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, might be called upon in the interest of fairness to pick up a little more of the cost of service.

With respect to the Martha's Vineyard route, Mr. Davis noted that:

(a) Total vessel operating costs had increased by 2.0% in 2010, with increased fuel costs accounting for the bulk of that increase. Indirect non-vessel costs had increased by 6.0% 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 had increased by 3.8% from 2009.

(b) While the number of trips had decreased by 78 in 2010, total capacity for the year increased by 210 car-equivalent unit spaces due to the particular mix of vessels that made those trips. The number of spaces occupied also increased by 6,646, or 1.2%, from 2009, although the occupancy rate of 78.8% for the year was essentially the same as it was in 2009 (which was 77.9%).

(c) On average, automobiles covered 92.0% of their allocated cost of service, with standard fare automobiles covering 125.4% and excursion fare automobiles covering 37.7%. By comparison, on average, trucks were covering 106.1% of their allocated cost of service.

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

(a) Total vessel operating costs had remained relatively flat (a decrease of only $6,000) from 2009, primarily due to the fact that the decreases in vessel repairs had been offset by the increase in vessel fuel expense; and the amount of indirect non-vessel costs allocated to the Nantucket route had increased by only 1.3%. As a result, the overall cost of service for the Nantucket route had increased by 1.3% from 2009.

(b) While the number of trips had decreased by 132 in 2010 (resulting in 6,150 fewer spaces), the total number of occupied spaces did not fall as much (by only 1,350 spaces), resulting in an increase in the occupancy rate from 76.2% to 77.9%.

(c) On average, automobiles were covering 114.1% of their allocated cost of service, with standard fare automobiles covering 152.8% and excursion fare automobiles covering 38.7%. By comparison, on average, trucks were covering 84.5% of their allocated cost of service.

In response to a question from Mr. Marshall, Mr. Davis explained that there had been some errors in the number of automobiles and trucks carried in 2009 because, after its financial statements had been issued for 2009, the Authority discovered that reservations for noncommercial pickup trucks (which are considered automobiles for traffic figures) made over the Authority's website were being incorrectly categorized as trucks. Therefore, although this error was corrected for the Authority's 2010's traffic figures, the Authority's 2009 financial statements were not revised.

Mr. Marshall then declared that, in his opinion, the Authority should not establish fares that result in commercial trucks being subsidized by other customers and, therefore, that fares for commercial trucks should always be set so that the trucks pay for 100% of their cost of service. Mr. Ranney stated that he understood Mr. Marshall's point of view on this issue, observing that the cost of commercial truck fares are spread out over all of the customers who purchase the goods carried by those trucks. After the Members complimented Mr. Davis on his analysis, Mr. Hanover also commended management for the one percent efficiency increase in 2010.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Lamson reported that the Authority had received two bids the prior Tuesday for the *M/V Eagle* Mid-Life Refurbishment Contract, one from Colonna's Shipyard of Norfolk, Virginia, in the amount of $13,477,142 and another one from Eastern Shipbuilding of Panama City, Florida, in the amount of $14,340,759. Mr. Lamson stated that, because the project was estimated to cost a little over $9,000,000, management would be reviewing the bids over the next month to determine why they came in at such high prices and what alternatives are now available. Mr. Lamson also stated that it appeared the proposed lift decks for the *M/V Eagle* were the biggest cost item in the bids, perhaps accounting for as much as $3,600,000. Therefore, Mr. Lamson said, management will have to re-evaluate whether it still makes sense to install the lift decks at such an increased cost, or whether the Authority should issue a new invitation for bids without that item (and perhaps without other items as well) and go forward with a reduced scope of work that can still be completed over this upcoming off-season.

In response to a question from Mr. Marshall, Mr. Walker stated that bid packages had been sent out to more than ten shipyards. Further, Mr. Lamson said, the Authority previously had the *M/V Eagle* dry-docked so that more shipyards could bid for the mid-life refurbishment contract. After Mr. Marshall speculated that something had to be driving the price up, Mr. O'Brien asked if management had reviewed the bids' breakdowns. In response, Mr. Walker stated that the bids were not accompanied by detailed breakdowns, although the Authority requires that such breakdowns be available, and that he may be flying to the shipyards the following week to review them. Mr. Tierney also expressed surprise why the Authority had received only two bids in light of the current state of the economy.

Mr. Marshall asked if, at this higher cost, the lift decks could still be expected to pay for themselves over a reasonable period of time. In response, Mr. Lamson stated that this was one of the issues that had to be analyzed because, at their prior $1,750,000 cost estimate and based upon certain occupancy assumptions, the lift decks were expected to pay for themselves over 13 years. Mr. Lamson stated that management needed to review those assumptions as well, and then discuss this with the Port Council before presenting the Members with a recommendation. For example, Mr. Lamson said, the Authority could undertake a more limited refurbishment that replaces the freight doors, expands the interior of the passenger deck and upgrades the rest rooms. Mr. Lamson also questioned whether the interior of the passenger deck needed to be expanded, given the lower number of passengers carried on that vessel since the Authority began service with the *M/V Iyanough*.

Mr. Ranney stated that his inclination would be to upgrade the main interior passenger space, including the food service area, restrooms and wiring, and to postpone both lift decks until sometime in the future. With respect to the bow and stern freight doors, Mr. Ranney stated that he needed more information to evaluate whether they similarly should be postponed.

Port Council's Report:

Mr. Balco reported that, at their meeting earlier that month, the Port Council had discussed management's business summaries, the sluggish traffic and the Authority's fuel hedging program, as well as the *M/V Governor* repowering project, the *M/V Eagle* mid-life refurbishment project, the Authority's dedicated mobile web application, the General Manager's succession plan, and Mr. Davis' analysis of rates versus the cost of service. Mr. Balco also reported that the Port Council had amended their by-laws to require the annual rotation of their Chairman between an island community and a mainland community.

Miscellaneous Reports:

Mr. Marshall asked whether the Members had any questions about any of the reports for April 2011 that management had included in their meeting packet, including the bid summary for contracts and purchase orders $10,000 and over, the call center phone activity and internet reservation report, and the vessel drill log. Both the Members and the Port Council members agreed that it was useful for them to receive all of these reports so that they are kept apprised of the Authority's various activities.

Use of Global Position System ("GPS"):

In response to a question from Mr. Ranney, Mr. Lamson stated that the Authority was getting close to being able to include vessel tracking capability on its website, and it possibly could include that capability on its dedicated mobile web application as well.

At approximately 10:28 a.m., Mr. Marshall 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. Marshall 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, the purchase, exchange, lease and value of real estate, the deployment of security personnel and devices, and the Authority's strategy in preparation for negotiations with nonunion personnel.

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

A TRUE RECORD

H. FLINT RANNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

June 21, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 21st day of June, 2011, 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 Robert S. Marshall of Falmouth; Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; and Robert L. O'Brien of Barnstable. Marc N. Hanover of Dukes County was not present.

Port Council Chairman George J. Balco of Tisbury, Port Council Secretary Frank J. Rezendes, and Port Council members Robert R. Jones of Barnstable, Nathaniel Lowell of Nantucket and Robert V. Huss of Oak Bluffs 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Reservations and Community Relations Manager Gina Barboza; Director of Human Resources Phillip J. Parent; Director of Marketing Kimberlee McHugh; 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 May 12, 2011.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for April 2011, 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 (down 4.2%), fewer automobiles (down 2.4%), and fewer trucks (down 5.4%) during that month than during the same month in 2010. Mr. Lamson also reported that the Authority's operating revenues for the month were $278,000 lower than what had been projected, and that the Authority's operating expenses for the month were $479,000 lower than projected, but that most of the variance in expenses was due to a timing difference in maintenance and repair work. Nevertheless, Mr. Lamson said, as a result, the Authority's net operating loss for the month had been around $1,299,000, approximately $201,000 lower than projected.

Mr. Lamson then reported that, for the first four months of 2011, the Authority's operating revenues had been $533,000 lower than projected, that its operating expenses had been $1,034,000 lower than projected, and that, as a result, the Authority's net operating loss for the first four months of 2011 had been $9,247,000, around $500,000 lower than projected. Mr. Marshall stated that, given the weather, he was not surprised to see the lower traffic figures for passengers and automobiles, but that he did not understand why the traffic figures for trucks were similarly down. In response, Mr. Tierney observed that there were no construction projects on Nantucket at that time, and Ms. Mooney agreed.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Lamson reported that management had rejected the two bids that were received the prior month for the *M/V Eagle* Mid-Life Refurbishment Project, which were in the amounts of $13,477,142 and $14,340,759, because they exceeded the Authority's contract budget estimate of $8,973,991, and that management was proposing to reduce the scope of the project so that it is similar to the scope of work for the *M/V Nantucket* Mid-Life Refurbishment Project, at a revised budget estimate of $8,000,000. Specifically, Mr. Lamson said, management was proposing to remove or reduce in scope the following items from the original specifications: pilot house modifications (removed), snack bar modifications (refurbish instead of replace), water blasting and recoating void spaces as necessary (removed), HVAC upgrades (reduced in scope), replacement of the bow and stern doors (removed), and installation of vehicle lift decks (removed). However, Mr. Lamson stated that the revised scope of work would still include complete sandblasting and recoating of all exterior surfaces, the installation of a new Marine Evacuation Slide system, replacement of all exterior windows, complete replacement of the 02 deck joiner work, decking and seating, installation of new sewage and potable water tanks, modifications to the main fuel tanks, and steel replacement as required.

In response to questions from Mr. Ranney, Mr. Walker stated that the original specifications had included an entirely new snack bar for the *M/V Eagle*, but that management was now proposing to reuse the existing snack bar equipment after it is removed to complete the joiner and ceiling work, and possibly to install a separate island for beverages. Mr. Walker also stated that the seating will still be replaced as originally planned, although there will be fewer seats since the Authority will not be expanding the interior 02 passenger deck as originally planned. In addition, Mr. Walker said, the wiring plan for electrical outlets is the same as before while staying within the 02 passenger deck's original footprint.

Mr. Walker also stated that the original specifications had included the placement of smaller HVAC units on the top deck for the entire interior 02 passenger deck, but that the revised plans called for adding a cooling coil in the existing duct work to create a fresh air cooling system. Mr. Walker further noted that the controls for the elevators will be upgraded and their cabs will be renovated, but that the hardware will not be changed out.

In response to another question from Mr. Ranney, Mr. Walker stated that he did not visit either of the two shipyards that had submitted bids, but had spent several hours talking to each shipyard by conference call. Mr. Walker stated that neither shipyard had significant issues with the Authority's original invitation for bids, although they had some ideas about the Authority being able to specify certain items as owner-furnished equipment. While Mr. Walker said that he was not a big fan of providing owner-furnished equipment, the Authority would not get into trouble with buying the items that management had now identified as being owner-furnished, as management knows what it wants and can receive those items on time.

In response to a question from Mr. Marshall, Mr. Walker stated that the largest cost item would be the joiner work, the decking and the seats; then the windows, and then sandblasting the entire vessel (which will probably cost $1,000,000), for a combined cost of more than $4,000,000. In response to a question from Mr. Ranney, Mr. Walker stated that if the Authority decided to expand the interior space of the 02 passenger deck at a later time, it would probably cost around $750,000.

In response to a question from Mr. O'Brien, Mr. Walker stated that there was nothing removed or reduced from the original scope of work that the Authority will end up having to do anyway in the next five years. Specifically, Mr. Walker stated that, while new doors for the vessel would have been a good upgrade, the vessel's current doors do work although there are maintenance issues with them every year. Similarly, Mr. Walker said, the vessel does not need any lift decks to operate, and if the Authority were to decide at a later point to install new doors or lift decks, there will not be any duplication of the work that will be performed in the current project; nor is the Authority deferring any maintenance issues by removing or reducing anything from the original scope of work. In this regard, Mr. Walker stated that the voids are not in that bad of shape and that the Authority will use its own personnel to blast and paint them at the Fairhaven vessel maintenance facility within the Authority's operating budget.

Mr. Lamson similarly stated that the items being removed or reduced from the project's original scope of work were things that the Authority can live without indefinitely. Mr. Lamson also noted that the average number of passengers carried by the vessel was only a little more than 100, that it carried an average of fewer than 60 passengers during the off-season, and that the vessel will be a very comfortable ship for all of those passengers.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to authorize the General Manager to develop, advertise and issue a revised invitation for bids for the *M/V Eagle* Mid-life Refurbishment Project as recommended by management in Staff Summary #E 2011-12, dated June 15, 2011.

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

Website Redesign Project:

Mr. Lamson reported that the dedicated mobile web application for the Authority's website had been activated the Friday before Memorial Day, and that customers using smart phones and other mobile devices were now automatically being directed to the website's streamlined mobile version. By all accounts, Mr. Lamson said, the application has been a great success, noting that an average of 5,000 people a day had been connecting to the website's mobile version since it was launched, and around 11,000 people connected to it per day over the Memorial Day weekend. Mr. Lamson also reported that while the Authority expected to make more changes to the application, the changes would be made only after the redesign of the website itself is completed, which was now projected to take another six months.

After the Members complimented the website's new mobile web application, Mr. Ranney asked if it could be configured so that customers can connect to the Authority's schedules and other information about the Nantucket route as their default page. In addition, Mr. Ranney asked if the schedules on the application were real time schedules or simply based upon the Authority's published schedules. In response, Ms. Claffey stated that management was looking at the possibility of configuring the application so that customers could make either of the Authority's routes their default page, and that the schedules on the application were the Authority's published schedules. Mr. Lamson also stated that management was continuing to work with the Cape Cod Regional Transit Authority so that customers can see the current locations of the Authority's vessels by the use of a GPS system (similar to the Nantucket Regional Transit Authority's application that allows customers to see the locations of its buses), and that he hoped such a system would be rolled out very shortly.

Proposed 2012 Winter and Spring Operating Schedules:

Mr. Lamson reviewed the preliminary draft of management's proposed 2012 Winter and Spring Vessel Operating Schedules, as set forth in Staff Summary #RCR 01-11, dated June 13, 2011, for discussion purposes only, noting that the Members did not have to approve these schedules until their meeting in July 2011. Mr. Lamson observed that the proposed schedules were pretty much the same as the ones the Authority operated this past year, except that the winter schedule would start one day later and run three days longer than in 2011 (and, as a result, the spring schedule would start three days later than in 2011). Mr. Lamson also observed that management was proposing to change the 7:30 p.m. departure for the *M/V Martha's Vineyard* to 7:15 p.m. to be consistent with the rest of the year, and to continue to berth the *M/V Island Home* overnight in Vineyard Haven on Fridays and Saturdays during this period (eliminating the 6:00 a.m. trip from Woods Hole on Saturdays and Sundays and the 9:30 p.m. trip from Vineyard Haven on Fridays and Saturdays). Finally, Mr. Lamson noted that management was proposing to start the Authority's high-speed Hyannis-Nantucket service with the *M/V Iyanough* on April 24, 2012, nine days later than in 2011.

Mr. Ranney asked Mr. Lamson to make certain to coordinate the proposed *M/V Iyanough* schedule with Hy-Line's high-speed ferry schedule so that there isn't any break in fast ferry service to Nantucket, noting that the delay in the commencement of the *M/V Iyanough's* schedule would require Hy-Line to continue its late boat for more days into late April 2012. Then, in response to a question from Mr. Marshall, Mr. Lamson stated that management had eliminated from the schedule all trips that it felt were not needed, noting that a lot work goes into developing the schedules each year and that management would be proposing more ways to save money if it could.

Martha's Vineyard Reservation Office:

Mr. Lamson reported that the Authority had been notified by the new owners of the building at the Martha's Vineyard Airport where the Authority leases space for its Martha's Vineyard Reservation Office that they do not plan to extend the lease with the Authority for that space beyond January 31, 2012. As a result, Mr. Lamson said, the Authority now has to evaluate the benefits versus the costs of continuing to have a Reservation Office at another location on the island in light of the trend of fewer reservation transactions being handled in person each year. In this regard, Mr. Lamson noted that the office handled a total of 17,910 reservation transactions over the counter in 2010, compared to 30,166 such transactions in 2006 and 47,333 such transactions in 2001, and he observed that this reduction in the number of counter transactions, as well as in the number of telephone calls, was attributable to more reservations being made, changed or canceled through the Authority's website.

Mr. Lamson stated that one alternative may be to handle counter transactions at the Oak Bluffs terminal between boat dockings, but that if the Authority eventually were to decide to relocate the Reservation Office on Martha's Vineyard, it would need to issue a request for proposals to lease office space within the next few months. On the other hand, Mr. Lamson said, if the Authority were to decide not to relocate the office, it would have to consider how the services currently being performed by the Martha's Vineyard reservation clerks can best be transferred to others, and the Authority also would need to see whether this will affect the time at which 7-day and 1-day preferred spaces go on sale each day, which currently go on sale each day at 8:00 a.m. In any event, Mr. Lamson stated that management would like the opportunity to discuss this in more detail with the Port Council and then again with the Members at their next monthly meeting on Martha's Vineyard.

In response to questions from Mr. Marshall, Mr. Lamson stated that the office’s current rent was almost $24,000 a year and that the incremental cost of keeping the office open was around $300,000 a year. Although Mr. Marshall then stated that the Members would not discuss this subject much further in Mr. Hanover’s absence, given the success of the Authority’s website and the ever-decreasing number of counter transactions, the decision to save the Authority $300,000 a year appeared to be a no brainer.

However, Mr. Balco asked if he could receive more detail on which customers were using the office, saying that his impression was that those customers were primarily year-round island residents and he wanted to make certain that the Authority is able to continue to serve this particular clientele well. Mr. Balco also observed that there were a lot of other suitable small office locations on Martha's Vineyard with suitable parking, that it was a big service for the island, and that the Authority should move slowly in doing away with it. Mr. Balco also disagreed that the incremental cost of the office should include the payroll for the entire staff. Rather, Mr. Balco said, it should include just the cost of renting and operating the physical space.

Mr. Ranney suggested that management see whether the Authority could rent counter space at the Martha's Vineyard airport similar to counters rented by car rental companies, and he also suggested that the counter may not need to be staffed the entire day, especially if most of the counter transactions involved customers booking preferred spaces at 8:00 a.m.

Waiver of Drive-on/Drive-off Service Charge for
Commercial Vehicles on Designated Nantucket Trips:

Mr. Lamson recounted how the Authority had started the Nantucket SuperSaver program the prior year to encourage customers on the Hyannis-Nantucket route to travel with their vehicles on trips where the Authority has excess vehicle capacity. Mr. Lamson then asked the Members to approve a similar program for commercial vehicles that are two spaces (20 feet or more) in length or longer traveling from Nantucket to Hyannis. Mr. Lamson stated that, under this program, the Authority would waive those vehicles' drive-on/drive-off service fees (which are $50 for each drive-on or drive-off service provided) if they travel Mondays through Thursdays during the summer (June 23 to September 8, 2011, subject to certain blackout dates) on the last trip leaving Nantucket at 9:00 p.m., provided they pick up their trucks at the Hyannis terminal by 7:30 a.m. the next day. Mr. Lamson also reported that the Port Council had discussed this proposal at their last meeting and had voted to recommend its approval by the Members.

In response to a question from Mr. Ranney, Mr. Lamson stated that if a customer transporting its truck under this program failed to pick up the truck at the Hyannis terminal by 7:30 a.m. the next day, it would be charged the normal drive-on/drive-off service fees that otherwise would have been waived.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the proposed new Super Saver pilot program for commercial freight vehicles as recommended by management in Staff Summary #TPF 2011-1, dated June 16, 2011.

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

2012 Budget Policy Statement:

Mr. Davis then reviewed management's proposed 2012 Budget Policy Statement that set forth the guidelines management was proposing to use in the preparation of the Authority's 2012 Operating Budget. Mr. Davis noted that the Budget Policy Statement requires 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 *M/V Island Home* and the *M/V Iyanough*), 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 stated that the most difficult expense to estimate for next year will again be the cost of fuel oil, observing that the barrel price for crude oil was trading in the $90-$100 range, while a year ago it was trading in the $70-$80 range. Mr. Davis also noted that the Authority's hedge program for vessel fuel was already partially extended to June 2012, with a cap at an average cost of $4.00 per gallon, although the budgeted cost of vessel fuel oil in 2012 will be based on the price forecast plus the cost of the hedging program, and that management will continue to make fuel and energy conservation a priority in both its land and sea operations and that, towards that end, schedule modifications and trip consolidations will continue to be made when practical.

Mr. Davis also stated that after management prepares a preliminary budget using the guidelines that are approved by the Members, it will be presented to the Members for discussion at their September 2011 meeting, and that the final version of the budget would then be presented for approval at the Members' October 2011 meeting.

Mr. Marshall declared that it was very important for the Authority to continue to be aggressive in its advertising and get its message out, namely, that the Authority has the best price and frequent service. But Mr. Ranney asked whether there was anything that could demonstrate to him that the Authority's billboard in Boston was worth its cost. In response, Mr. Marshall stated that the billboard was similar to insurance in the sense that someone cannot afford not to have it; Mr. Huss also observed that many people saw the billboard, especially those who commute to Boston, and that although there may be no good way to measure its effectiveness, he felt that the Authority would lose customers if it stopped using it; Mr. O'Brien similarly observed that it was in a good location that the Authority should not lose; and Mr. Jones recounted how, when he had used billboard advertising in the same area, his business had increased dramatically, so he knew it was effective.

After quoting Ogden Nash,[1] Mr. Ranney stated that he was not proposing to stop the billboard advertising; he just wanted someone to prove that it was worth its cost. In response, Mr. Lamson noted that the Authority's competitors

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[1] Reporter's Note: Later that day following the meeting, Mr. Ranney emailed the entire quotation: "I think that I shall never see a billboard lovely as a tree. Perhaps, unless the billboards fall, I'll never see a tree at all."

were also advertising on billboards, which indicated that they similarly thought the medium was worthwhile. Ultimately, Mr. Ranney observed the Authority's traffic figures had been flat for the last several years and that, in any event, it somehow needed to develop new markets.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to adopt the 2012 Budget Policy Statement as recommended by management in Staff Summary #A-530, dated June 9, 2011.

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

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

Mr. Davis asked the Members to reappoint Deloitte & Touche LLP as the Authority's independent auditors to provide a comprehensive financial audit and related services for the fiscal year ending December 31, 2011. Mr. Davis noted that the fee for Deloitte & Touche's services this year would be $120,000, which represents a $5,000 increase from the fee they have charged the Authority for the last three years. Mr. Davis also noted that, because the Authority will once again be expending more than $500,000 this year of federal grant money, it will have to have an additional audit focused on those federally funded projects and that Deloitte & Touche's supplementary fee for this additional audit will be $26,000, a $1,000 increase from what it was last year.

In response to a question from Mr. Ranney, Mr. Davis reported that while the Office of the State Auditor had scheduled its own audit of the Authority while Deloitte & Touche's auditors were there, the State Auditor had been kind enough to delay the arrival of her auditors until after Deloitte & Touche's auditors had left. Mr. Davis also stated that he and Mr. Lamson already had their exit interview with the auditors from the Office of the State Auditor and that they had been informed that the auditors would be reporting that the

Authority had addressed the auditors' previous concern about the Authority not having adequate documentation of its internal controls, which the auditors said was no longer an issue.

Nantucket resident Phil Gallagher recounted how one of the Members previously had suggested changing independent auditors every now and then and asked why that wasn't being considered now. In response, Mr. Marshall noted that he had been the one who made that suggestion because of his concern that the same people were conducting the audits year after year. However, Mr. Marshall said, Deloitte & Touche changes their audit teams every year, which he thought was sufficient to address that concern. Mr. Davis agreed, noting that Deloitte & Touche's auditors also have different focus areas every year as well as a different rotation cycle for each level to ensure there is enough continuity on the team to know what has happened and what issues are coming up. For example, Mr. Davis said, Deloitte & Touche's previous auditors already have concluded that the Authority's fuel hedging program does not need to be reported as a derivative, which will mean that this question will not have to be revisited again this coming year.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- 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, 2011 for a fee of $120,000 and to conduct an additional audit in accordance with the provisions of the U.S. Office of management and Budget Circular No. 1-133, "Audits of States, Local Governments, and Non-Profit Organizations," for an additional fee of $26,000, as recommended by management in Staff Summary #A-531, dated June 9, 2011.

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

Fairhaven Transfer Bridge Slip Improvements:

Mr. Lamson then asked the Members for authorization to award Contract #06-11 for the Fairhaven Transfer Bridge Slip Improvements to the lowest eligible and responsible bidder after bids for the contract are opened, noting that the opening of bids was scheduled for June 30, 2011. Mr. Lamson stated that, under the contract, the contractor will be required to construct a transfer bridge foundation, install a refurbished transfer bridge provided by the Authority (which previously was used in Hyannis) and head dolphins in the north slip of the Fairhaven Vessel Maintenance Facility, and install head dolphins in the south slip of the facility. Mr. Lamson also stated that the budget estimate for this project was $700,000, of which $500,000 will be paid for by a grant through the ferry boat discretionary program of the U.S. Department of Transportation.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to authorize the General Manager to award Contract #06-11 for the Fairhaven Transfer Bridge Slip Improvements to the lowest eligible and responsible bidder after bids for the contract are opened, as recommended by management in Staff Summary #E 2011-11, dated June 15, 2011.

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

Cataumet Parking Lot Maintenance Contract:

Mr. Lamson then asked the Members for authorization to award Contract #10-11 for grading and drainage maintenance of the Authority's Cataumet parking lot to the lowest eligible and responsible bidder after bids for the contract are opened, noting that the opening of bids was scheduled for June 24, 2011. Mr. Lamson stated that, under the contract, the contractor will be required to furnish all labor, equipment, materials, transportation and bonds to complete this project as soon as possible, and that the estimate for the grading and drainage maintenance of the parking lot was $30,000. In response to a question from Mr. Ranney, Mr. Lamson stated that this maintenance grading hopefully will be sufficient for the next three seasons, after which time the Authority should be operating its new consolidated parking facility off of Thomas B. Landers Road in Falmouth.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract #10-11 for the grading and drainage maintenance of the Authority's Cataumet Parking Lot to the lowest eligible and responsible bidder after bids for the contract are opened, as recommended by management in Staff Summary #E 2011-10, dated June 15, 2011.

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

Port Council's Report:

Mr. Balco reported that, at their meeting earlier that month, the Port Council had reviewed the Authority's traffic data and expressed the same concerns discussed earlier in the meeting about the sluggishness of the figures so far this year. In addition, Mr. Balco said, the Port Council had voted to recommend that the scope of work for the *M/V Eagle* Mid-Life Refurbishment Project be reduced as had been proposed by management that day, and that management's proposed Budget Policy Statement (with certain changes to the scales of the charts attached to the statement) and Super Saver program for trucks on the Nantucket route similarly be approved.

Performance Evaluation of the General Manager:

Mr. Sayers advised the Members that, under Mr. Lamson's employment contract with the Authority, the Members were contractually required to review his performance on an annual basis. However, Mr. Sayers stated that the

Members had several alternatives as to how they could fulfill that contractual obligation. For example, Mr. Sayers said, they could evaluate Mr. Lamson's performance orally at a public meeting, in which event their evaluation would be reflected in the minutes of the meeting; or they could complete written evaluations of Mr. Lamson's performance, in which event their written evaluations would be subject to public disclosure as public records under the recently revised open meeting law, as opposed to confidential personnel records as they had been in the past. Finally, Mr. Sayers noted that, if Mr. Lamson were to waive his contractual right to his annual performance evaluation, there would be no requirement for the Members to conduct one at all.

Mr. Marshall then suggested that, if Mr. Lamson agreed, the Members waive the process of evaluating Mr. Lamson's performance this year because the limitations imposed by the open meeting law would only serve to chill the candor that is essential for any objective conversation. Even more important, Mr. Marshall said, was that he felt the Members were in complete agreement that Mr. Lamson had done a terrific job over the past year, so to belabor the issue would be counterproductive.

After Mr. Lamson stated that he was willing to waive his contractual right to a performance evaluation this year, Mr. Ranney said that he also agreed with this approach, noting that the Members did not have to have a discussion or a written evaluation of Mr. Lamson's performance because they all approved of it. Messrs. Jones, Huss and Balco similarly expressed their support for this suggestion, saying that they had no problem with it at all.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- with the agreement of the General Manager, to waive the evaluation of his performance for the twelve-month period beginning July 1, 2010 and ending June 30, 2011.

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

Goals and Objectives of the General Manager:

The Members agreed that Mr. Lamson should prepare a draft of his goals and objectives for the upcoming year so that they can then be discussed and reviewed by the Port Council and the Members over the next two months.

Public Comment:

Nantucket resident Phil Gallagher asked the Members to consider creating a one-day passenger-only Nantucket/Hyannis round trip ticket, combined with the one-day pass on the Cape Cod Regional Transit Authority, which could be sold for $20 and would be valid only on the Authority's traditional ferries. Mr. Gallagher noted that friends of his no longer travel to the mainland because they can no longer afford it, and he felt that this promotion would increase the Authority's business by a substantial amount because Nantucket residents would take advantage of the good shopping and entertainment opportunities that it would make available. Mr. Marshall said that he thought Mr. Gallagher's suggestion was a terrific idea, and he asked whether the Port Council could consider it at their next meeting.

Nantucket Marketing Initiatives:

In response to questions from Mr. Ranney, Mr. Davis reported that the Authority had sold 214 Nantucket SuperSaver tickets so far this year to 195 different customers, representing a 33% increase from the 153 Nantucket SuperSaver tickets it had sold by the same time last year. Similarly, Mr. Davis said, so far this year the Authority had sold 590 1-to-3 day combination round trip passenger tickets, compared to the 475 such tickets it had sold by the same time last year. Finally, Mr. Davis said that he did not have the information with him regarding how many fast ferry coupon books the Authority had sold, but that he would get that information by the next meeting.

M/V Iyanough Passenger Unloading:

Mr. Ranney then observed that passengers waiting to disembark at the Authority's Hyannis terminal always had to wait a long time while the luggage carts were taken off the vessel, and he suggested that if the passengers could disembark by means of a side ramp, the whole process would be speeded up by as much as twenty minutes. In response, Mr. Lamson stated that he would review the unloading operations at the Hyannis terminal, although he noted that any side loading ramp would have to comply with the regulations of the Massachusetts Architectural Access Board.

At approximately 10:57 a.m., Mr. Marshall 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. Marshall 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, the deployment of security personnel and devices, and the Authority's strategy in preparation for negotiations with nonunion personnel, or to conduct contract negotiations with nonunion personnel.

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

A TRUE RECORD

H. FLINT RANNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

July 19, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 19th day of July, 2011, 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 Robert S. Marshall of Falmouth; Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County.

Port Council Chairman George J. Balco of Tisbury, Port Council Vice Chairman S. Eric Asendorf; Port Council Secretary Frank J. Rezendes, and Port Council members Robert R. Jones of Barnstable, Jessica Fernandes of New Bedford and Robert V. Huss of Oak Bluffs 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Reservations and Community Relations Manager Gina Barboza; Director of Human Resources Phillip J. Parent; Director of Marketing Kimberlee McHugh; Director of Security Lawrence S. Ferreira; Vineyard Haven 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 June 21, 2011.

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

Mr. Hanover abstained from voting on the minutes of the Members' meeting in public session on June 21, 2011.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for May 2011, 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 (down 2.6%), fewer automobiles (down 1.0%), and fewer trucks (down 1.8%) during that month than during the same month in 2010. Mr. Lamson also reported that the Authority's operating revenues for the month were $122,000 lower than what had been projected, and that the Authority's operating expenses for the month were $799,000 lower than projected. Mr. Lamson noted that most of the variance in expenses was due to lower vessel maintenance and repair expenses, lower health care claims, and an adjusting entry that capitalized certain costs incurred in connection with the *M/V Eagle* Mid-Life Refurbishment Project that previously had been characterized as operating expenses. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $1,600,000, approximately $677,000 higher than projected.

Mr. Lamson then reported that, for the first five months of 2011, the Authority's operating revenues had been $656,000 lower than projected, that its operating expenses had been around $1,800,000 lower than projected, and that, as a result, the Authority's net operating loss for the first five months of 2011 had been around $7,600,000, approximately $1,177,000 lower than projected. In response to a question form Mr. Marshall, Mr. Lamson stated that the decline in the Authority's traffic figures appeared to be leveling off, that traffic essentially had been flat in the month of June, and that the Authority had seen a slight increase in traffic during the first few weeks of July.

In response to a question from Mr. Hanover, Mr. Davis stated that, under the Authority's fuel hedging program, the price of two thirds of the Authority's fuel needs for the first six months of 2012 already had been hedged, and that he was in discussion with the Authority's consultant regarding when to extend the Authority's hedging program through the remainder of 2012.

Also in response to a question from Mr. Hanover, Mr. Lamson acknowledged that Hy-Line had carried 44% more passengers on its traditional ferries between Hyannis and Nantucket through May 2011, but he noted that the passenger counts were still relatively small because Hy-Line's traditional ferries had just begun providing service that month. Nevertheless, Mr. Lamson said, the number of Hy-Line's traditional ferry passengers had continued to increase during the month of June and he noted that the increase could be the result of Hy-Line's promotion allowing children to ride free on its traditional ferries.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Lamson reported that management had issued a revised invitation for bids the day before for the *M/V Eagle* Mid-Life Refurbishment Project with the bid opening date scheduled for August 2, 2011. Mr. Lamson stated that, although the bid opening might end up being postponed a week, the Authority should still be in a position to award the contract at the Members' next meeting on August 16, 2011. Meanwhile, Mr. Lamson said, management would be issuing separate invitations for bids for two additional owner-furnished items: the marine evacuation slide that will be installed on the vessel, and all of the new passenger seats, benches and tables. Mr. Lamson stated that, even though there was only one source for each of these items, management had decided that the most prudent course was to issue these additional invitations for bids because there was a question as to which competitive bidding statutes applied to this type of work. Mr. Lamson noted that Mr. Sayers was working to resolve that issue, and that he hoped management would be able to present proposed revisions to the Authority's Procurement Policy to the Members for their approval at their meeting next month.

2012 Winter and Spring Operating Schedules:

Mr. Lamson then reviewed management's proposed 2012 Winter and Spring Vessel Operating Schedules, as set forth in Staff Summary #RCR 03-11, dated July 13, 2011, observing that the proposed schedules were pretty much the same as the ones the Authority had operated this past year, except that the winter schedule would start one day later and run three days longer than in 2011 (and, as a result, the spring schedule would start three days later than in 2011). Mr. Lamson also observed that management was proposing to change the 7:30 p.m. departure for the *M/V Martha's Vineyard* to 7:15 p.m. to be consistent with the rest of the year, and to continue to berth the *M/V Island Home* overnight in Vineyard Haven on Fridays and Saturdays during this period.

Mr. Lamson also noted that the proposed 2012 spring schedule would end on Sunday, May 20th, which meant that the 2012 summer schedule, with service into Oak Bluffs, would begin on May 21st, the Monday before the 2012 Memorial Day weekend. Mr. Lamson stated that management had considered beginning service into Oak Bluffs a week earlier, but the need to have the 5:00 p.m. trip return to Vineyard Haven for commuters who park at the Tisbury Park and Ride Lot would have allowed the Authority to divert only three trips a day into Oak Bluffs. Mr. Lamson observed that it would have been a challenge for the Authority's printed schedules to note this weeklong change in ports in a manner that was not confusing to the public and, in addition, it would have left 2-½ hour intervals in Vineyard Haven without any vessel departures at all.

Mr. Hanover noted that he had heard a lot from Oak Bluffs businesses about starting service into Oak Bluffs a week earlier, but that his review of the amount of traffic carried by the Authority during that time had convinced him that it did not make sense from an operational standpoint. Mr. Huss also reported that he had sent an email telling people that the Authority might be able to operate three trips a day into Oak Bluffs a week earlier, but that he had not received any responses to his email.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to approve the 2012 Winter and Spring Operating Schedules for the Martha's Vineyard route, as proposed by management in Staff Summary #RCR 03-11, dated July 13, 2011.

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

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to approve the 2012 Winter and Spring Operating Schedules for the Nantucket route, as proposed by management in Staff Summary #RCR 03-11, dated July 13, 2011.

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

Martha's Vineyard Reservation Office:

Mr. Lamson reported that management had issued a request for proposals from property owners on Martha's Vineyard who desire to lease office or counter space to the Authority after its lease for the current Martha's Vineyard Reservation Office expires on January 31, 2012. Mr. Lamson stated that, if the Authority decides to rent only counter space, it could continue to process in-person reservation transactions on the island while handling phone reservations at Mashpee. On the other hand, Mr. Lamson said, if the Authority decides to rent office space, it could simply move the Martha's Vineyard Reservation Office to another location. Mr. Lamson also stated that proposals should be submitted by August 15th to be assured of consideration.

Mr. Lamson also reported that management has had preliminary discussions with the Martha's Vineyard Airport Manager, who has indicated that the Authority may be able to use counter space at its main passenger terminal (beside the car rental agencies' counter spaces), as well as a separate room that is big enough for four telephone reservation clerk work stations. In any event, Mr. Lamson said, management should be in a position to make a recommendation to the Members at their September 20th meeting about whether the Authority should continue to have a reservation office or counter space for in-person reservation transactions on Martha's Vineyard and, if so, where it should be located.

Mr. Marshall stated that, while he was not advocating eliminating any positions, he did think that the Authority should significantly reduce the costs of operating the Martha's Vineyard Reservation Office, which he noted were around $300,000 a year or the equivalent of $18 per customer visit. In this regard, Mr. Marshall suggested that the Authority might install a dedicated telephone line for the island that would accommodate the island residents on a timely basis.

However, Mr. Hanover stated that he thought the Authority should find another location for the Martha's Vineyard Reservation Office even though its operations may gradually be scaled down over the years due to less use by island residents or employee attrition. Mr. Hanover also noted that many island residents had expressed their support for the office, and had especially praised the quality of the people who work there.

Patricia Graham of Oak Bluffs then recounted how she and her husband use the Martha's Vineyard Reservation Office at least twice a month, declaring that it would be unconscionable to close it down. Ms. Graham also noted that the ferry terminals are very busy and that, when she calls the Authority's reservation telephone number she either doesn't get an answer or the service she receives over the telephone doesn't really work well for her. Ms. Graham stated that many island residents such as herself needed to have the face-to-face interaction that the current reservation office provides.

Mr. Huss stated that he agreed with Mr. Hanover's statements, reporting that many people had told him that they would sorely miss some type of reservation facility at the airport. Mr. Huss declared that he similarly thought the Authority should relocate the office and slowly phase it out as more and more customers begin to make their reservations online. Mr. Balco agreed, saying that he also had received many calls from island residents who wanted the Authority to continue operating the office. Mr. Balco also noted that the employees at the office not only handled reservation transactions, but made changes in customers' profiles and provided other services and information that cannot be obtained online. In response, Mr. Marshall emphasized that he was not advocating for the Authority to shut down the reservation office, only for spending less money on its operations.

Policy Change for Multiple-Stop Food Trucks Traveling Standby on the 6:00 a.m. Freight Boat Trip from Hyannis to Nantucket:

Mr. Lamson asked the Members to approve a change in the Authority's standby policy that would authorize the Hyannis terminal agents, at their discretion, to give priority on the standby list for the 6:00 a.m. freight trip from Hyannis to Nantucket to multiple-stop food delivery trucks that have reservations on the 7:15 a.m. trip and also have return reservations for the same day. Mr. Lamson noted that, by allowing these trucks to travel to the island on the earlier trip, they will be better able to make all of their deliveries (before downtown Nantucket gets too congested) and get back to the mainland the same day.

In response to a question from Mr. Ranney, Mr. Lamson stated that the Authority already was giving these trucks priority for this trip during the bulk reservations process, but that other trucks somehow may have obtained those reservations. Accordingly, Mr. Lamson said, management was also considering whether food trucks should receive priority on the wait list over other trucks, although he noted that such a change would make it more difficult for the other trucks to improve their reservations by using the wait list.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve management's proposed new standby policy for the 6:00 a.m. freight trip from Hyannis to Nantucket, as described in Staff Summary #TPF 2011-2, dated July 13, 2011.

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

Treasurer's Report:

Mr. Davis reported that, compared to the same month in 2010, during the month of June 2011 the Authority had seen a 0.1% decrease in passenger traffic, a 0.3% increase in automobile traffic, and a 0.6% decrease in truck traffic. Mr. Davis also reported that the Authority's net operating income for the month was expected to be around $2,500,000 ($100,000 lower than what had been budgeted), with revenues slightly lower than budgeted and expenses slightly higher than budgeted, and that the Authority's net operating loss for the first six months of 2011 was expected to be around $5,150,000, which was approximately $1,000,000 lower than projected.

Mr. Davis then reported that, through June 2011, the Authority had sold 312 fast ferry upgrade tickets (compared to 349 sold during the first six month of 2010), and 412 SuperSaver automobile reservations (compared to 367 sold during the first six months of 2010). In addition, Mr. Davis said, through July 10, 2011, the Authority had sold 1,022 1-3 day combination fast/slow passenger tickets (compared to 885 sold during the same period last year) and, through July 17, 2011, the Authority had sold 106 "Sea 2 & Save" tickets (compared to 139 sold during the same period last year). Finally, Mr. Davis reported that, through June 2011, the Authority had sold 1,676 10-ride fast ferry ticket books (an increase of 189 books from the same period last year), with electronic books accounting for 77% of those sales.

Disposal of Surplus Property:

Mr. Lamson asked the Members for authorization to dispose of a large amount of surplus property at the Authority's Falmouth warehouse, vehicle maintenance garage and Fairhaven vessel maintenance facility by using an on-line auction website, www.govdeals.com, that is designed for selling government surplus items over the Internet. Mr. Lamson noted that the surplus items include used engines, gears, alternators, generators, outboard motors, table saws, mufflers, floor tile, windows, and scrap vehicles; that the Authority would pay a fee equal to 12.5% of each bid price to the website, which would also collect the money from each successful bidder; and that each successful bidder would be responsible for picking up the property it purchased at its own expense. At Mr. Asendorf's suggestion, Mr. Walker stated that he would make certain that any Authority logos on any of the surplus items would be removed before the items are sold.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to authorize the General Manager to dispose of the surplus property listed in the attachment to Staff Summary #$ 2011-13, dated July 14, 2011, in the manner described in that staff summary.

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

Fairhaven Transfer Bridge Slip Improvements:

Mr. Lamson then reported that, consistent with the authorization the Members had given him the prior month, he had awarded Contract #06-11 for the Fairhaven Transfer Bridge Slip Improvements to the lowest eligible and responsible bidder for the contract, T-Ford Company, Inc. of Georgetown, Massachusetts, for a total contract price of $576,103.50, noting that management's cost estimate for this work had been $700,000. Mr. Lamson reported that, under the contract, the contractor will construct a transfer bridge foundation, install a refurbished transfer bridge (which previously had been used in Hyannis) and head dolphins in the north slip of the Fairhaven Vessel Maintenance Facility, and install head dolphins in the south slip of the facility. Mr. Lamson also reported that a grant through the Massachusetts Department of Transportation under the Ferry Boat Discretionary Program of the U.S. Department of Transportation will reimburse the Authority for 80% of the cost of this project, or $500,000, whichever is less.

Cataumet Parking Lot Maintenance Contract:

Mr. Lamson reported that, also consistent with the authorization the Members had given him the prior month, he had awarded Contract #10-11 for the maintenance grading and drainage of the Cataumet parking lot to the lowest eligible and responsible bidder for the contract, Millennium Construction

Group, Inc. of Cataumet, Massachusetts, for a total contract price of $18,000, noting that management's cost estimate for this work had been $30,000. In response to a question from Mr. O'Brien, Mr. Walker stated that, under this contract, the catch basins will be made much larger than what they have been before in order to collect silt that currently runs off the parking lot during storms.

Port Council's Report:

Mr. Balco reported that, at their meeting earlier that month, the Port Council had discussed the *M/V Eagle* Mid-Life Refurbishment Project, the proposed 2012 Winter and Spring Operating Schedules, a proposed new royalty sharing agreement with Elliott Bay Design Group (which he said would probably be brought up for the Members' consideration at a later date), the disposal of surplus property, the status of the Martha's Vineyard Reservation Office, and the proposed change in the Authority's standby policy to provide priority for multiple-stop food trucks on the Nantucket route (with respect to which the Port Council had made certain suggestions in order to tighten up the policy). After Mr. Balco provided his report, Mr. O'Brien commented that he finds it very helpful to review the minutes of the Port Council meetings in the course of his preparation for the upcoming Authority meetings.

Public Comment:

In response to a question from *Martha's Vineyard Times* report Nelson Sigelman, Mr. Lamson stated that the Authority's license agreement with SeaStreak Holding Company, LLC obligating SeaStreak to provide fast ferry passenger service between New Bedford and Martha's Vineyard did not expire until 2014, and that the Authority did not know what SeaStreak's plans were with respect to providing the service after that date. Mr. Lamson also noted that the Authority currently could exercise an option under the agreement to provide the service itself and lease SeaStreak's two vessels for that purpose. However, Mr. Lamson said, SeaStreak currently was carrying fewer passengers between New Bedford and Martha's Vineyard than what the *Schamonchi* had carried several years ago, and at the moment he did not believe the Authority should provide the service itself in light of the ridership figures, the economy and what it would cost the Authority to operate that service.

Mr. Marshall also noted that, at some point, this subject would be a topic of discussion among the Members, at which time there will be several other issues that will need to be discussed, such as the economics of SeaStreak's operations compared to the economics of the Authority's operations. Indeed, Mr. Lamson said, he anticipated that this subject would be presented to both the Port Council and the Members for their consideration next year.

Falmouth-Edgartown Ferry's Service to Vineyard Haven:

In response to a question from Mr. Marshall, Ms. Tobin stated that, to the best of her knowledge, the Falmouth-Edgartown Ferry was not providing any ferry service to Vineyard Haven this year.

The Authority's Relationships with Local Banks:

Mr. Hanover announced that, in May 2011, he had resigned as a trustee of the Martha's Vineyard Savings Bank, but that during his tenure he had become impressed by how community banks so generously support the island. Accordingly, Mr. Hanover said, he thought the Authority should consider creating bank relationships with local banks, if they can match or beat what the Authority is receiving now from national or international banks, because the local banks are serving the same constituents that the Authority was created to serve. Mr. Ranney stated that he agreed with Mr. Hanover, and also suggested that the Authority see if a local bank would issue an affinity credit card for the Authority.

In response, Mr. Lamson stated that management would issue a request for proposals from banks who would like to provide the Authority with the various banking services it needs. Mr. Lamson noted, however, that the Authority would have to weigh how important it is to have a relationship with a community bank against its fiduciary responsibilities towards the boatline's own operations, and that he felt the Authority needed to do everything it could to increase its non-fare revenues.

At approximately 10:31 a.m., Mr. Marshall 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. Marshall also announced that the Members would not reconvene in public after the conclusion of the executive session.

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

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

A TRUE RECORD

H. FLINT RANNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

August 16, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 16th day of August, 2011, 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 Robert S. Marshall of Falmouth; Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County.

Port Council Chairman George J. Balco of Tisbury, Port Council Secretary Frank J. Rezendes, and Port Council members Robert R. Jones of Barnstable and Robert V. Huss of Oak Bluffs 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Reservations and Community Relations Manager Gina Barboza; Director of Human Resources Phillip J. Parent; Director of Marketing Kimberlee McHugh; and General Counsel Steven M. Sayers.

Able Seaman Peter Dumont:

The Members began the meeting by observing a moment of silence in honor and memory of Able Seaman Peter Dumont, who had passed away earlier that month at age 59. Mr. Lamson recounted how Mr. Dumont had been a valued employee from the time he began working for the Authority in 1995 until his untimely death, and he noted that everyone's thoughts and prayers were with Mr. Dumont's family.

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 July 19, 2011.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for June 2011, 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 about the same number of passengers (88 fewer), automobiles (120 more) and trucks (97 fewer) during the month that it had carried during the same month in 2010. Mr. Lamson also reported that the Authority's operating revenues for the month were $2,800 higher than what had been projected, and that the Authority's operating expenses for the month were $137,000 higher than projected. Mr. Lamson noted that most of the variance in expenses was due to a timing difference in advertising expenses during the month from the Authority's original budget projection. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $2,496,000, approximately $134,000 lower than projected.

Mr. Lamson then reported that, for the first six months of 2011, the Authority's operating revenues had been $653,000 lower than projected, that its operating expenses had been around $1,696,000 lower than projected, and that, as a result, the Authority's net operating loss for the first six months of 2011 had been around $5,147,000, approximately $1,043,000 lower than projected. Mr. Lamson also observed that the market share numbers on both routes for the month in comparison to the Authority's competitors had been a little disappointing, and that this trend also continued on the Nantucket route during July. Mr. Lamson stated that the Authority was going to do some additional market research in the weeks ahead to see if there is any particular reason for this and that, earlier in the month the Port Council had suggested that management also look at adding new marketing programs and initiatives to increase the Authority's ridership and market share versus its competitors, including the island airlines.

Mr. Marshall observed that several things could be contributing to the Authority's loss of market share on the Nantucket route, and he agreed that a marketing study should be helpful in identifying them. However, Mr. Marshall stated that he was not a proponent of giving away margin simply for the purpose of increasing ridership, as the Authority can only promote itself so far. Mr. Marshall also noted that, although the Authority's traffic levels for the first six months of 2011 were a little lower than the prior year, its average revenues per passenger, automobile and truck were slightly higher, which showed that the Authority has been able to maintain its margins this past year.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Lamson then reported that the date for opening bids for the *M/V Eagle* Mid-Life Refurbishment Project had been postponed from August 2nd to August 23rd in response to requests from shipyards for more time to prepare their bids, and that due to additional shipyard requests for more time, the date may be postponed even further to August 30th. Meanwhile, Mr. Lamson said, management had issued separate invitations for bids (with bid openings scheduled for August 19th) for the vessel's seating, benches and tables, as well as its marine evacuation slide, which the Authority will provide as owner-furnished equipment to the shipyard that is awarded the contract. Mr. Lamson then asked the Members for authorization to award all of these contracts if their total cost comes in close to the Authority's revised overall budget estimate of $8,000,000, which reflects the reduction that was made in the project's scope of work after bids for the project were first submitted earlier this year. However, Mr. Lamson stated that, if management ran into any unexpected issues, he would certainly advise the Members before proceeding any further.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to authorize the General Manager to award contracts for the *M/V Eagle* Mid-Life Refurbishment Project, the *M/V Eagle's* new seating, benches and tables, and its new marine evacuation slide, provided that the total cost of these contracts comes in close to the Authority's budget estimate for the project of $8,000,000.

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

Martha's Vineyard Reservation Office:

Mr. Lamson reported that the Authority had received three proposals in response to the request for proposals it had issued for office or counter space on Martha's Vineyard to be used to relocate the Authority's Martha's Vineyard Reservation Office. Mr. Lamson stated that one proposal was for property in Edgartown, and the other two were for properties within the Martha's Vineyard Airport Business Park. Meanwhile, Mr. Lamson said, management was continuing discussions with the Martha's Vineyard Airport Manager to see whether the Authority might be able to use counter space and a room at the Martha's Vineyard Airport itself. Mr. Lamson stated that, at the moment, he felt confident that management will be able to recommend to the Members at their meeting next month that the Authority can continue to have a reservation office or counter space for in-person reservation transactions on Martha's Vineyard for the next three-to-five years after the lease for the office's current location expires in January 2012. In response to a request from Mr. Marshall, Mr. Lamson stated that management would include with its recommendation a proposed budget for the new reservation office.

Waitlist Policy Change for Trucks Carrying Food to Nantucket:

Mr. Lamson then asked the Members to approve management's proposed changes to the Authority's waitlist policy to accommodate trucks carrying food to Nantucket that need to make multiple stops on the island before returning the same day. Mr. Lamson noted that, if the Members were to approve the proposed changes:

(a) Waitlist requests from trucks carrying hazardous cargo or trash will be given priority over all other waitlist requests regardless of the size of the vehicle and regardless of the order in which the trucks carrying other commodities were placed on the waitlist, due to the limited number of hazardous and open-freight-deck trips available for trucks carrying hazardous cargo or trash;

(b) For travel originating in Hyannis on the Nantucket route ***only***, waitlist requests from food trucks making multiple stops on Nantucket will then be given priority over all remaining waitlist requests regardless of the size of the vehicle and regardless of the order in which trucks carrying other commodities were placed on the waitlist; and

(c) Waitlist requests from all other trucks will then be fulfilled based upon the size of the vehicle in the order in which the trucks were placed on the waitlist without regard to the commodity the truck is carrying. Thus, if a 4-space opening occurs, a 4-space truck would be given that reservation (in the order it was placed on the waitlist) before that opening is made available for any remaining 3-space trucks.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to approve management's proposed changes to the Authority's waitlist policy, as described in Staff Summary #TPF 2011-3, dated August 10, 2011.

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

Same-Day Passenger Excursion Fare
for High-Speed Travel from Nantucket:

Mr. Lamson asked the Members to approve management's proposal, in order to encourage more round trip travel on the Authority's high-speed ferry, to establish a new same-day high-speed round-trip passenger fares for travel originating on Nantucket in the amount of $50 for adults, $25 for children and $40 for senior citizens. Mr. Lamson stated that these proposed reduced fares would then remain in effect for the remainder of the *M/V Iyanough's* current operating season (which ends January 3, 2012) before the Authority decides whether it should continue to offer them next year.

Mr. Marshall observed that the only way the Authority will be able to measure whether this new excursion fare is successful is if it results in an increase in the number of same-day high-speed ferry passengers originating from Nantucket. Otherwise, Mr. Marshall said, it will result in the Authority merely carrying the same number of passengers for less money. Mr. Ranney also suggested that management look into the possibility of combining this excursion fare with another item, such as a movie ticket, into some sort of package promotion. In this regard, Mr. Ranney noted that Nantucket residents travel off-island for the day to see a movie, and he thought that combining this excursion with a movie ticket could result in more business.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve management's proposed new same-day round-trip passenger excursion fares for travel on the Authority's high-speed ferry originating from Nantucket, as described in Staff Summary #GM-576, dated August 9, 2011.

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

Treasurer's Report:

Mr. Davis reported that, compared to the same month in 2010, during the month of July 2011 the Authority had seen a 2.9% increase in passenger traffic, a 2.4% increase in automobile traffic, and a 1.3% decrease in truck traffic. Mr. Davis also reported that the Authority's net operating income for the month was expected to be around $6,300,000 ($200,000 higher than what had been budgeted), with overall revenues $100,000 higher than budgeted and expenses $100,000 lower than budgeted, and that the Authority's net operating income for the first seven months of 2011 was expected to be around $1,140,000, which was approximately $1,250,000 higher than projected.

Mr. Davis then reported that:

- through July 2011, the Authority had sold 2,520 10-ride fast ferry ticket books (an increase of 365 books, or 16.9%, from the same period last year);
- through August 7, 2011, the Authority had sold 401 fast ferry upgrade tickets (compared to 418 sold during the same time period in 2010);
- through August 10, 2011, the Authority had sold 492 SuperSaver automobile reservations;
- through August 8, 2011, the Authority had sold 1,636 1-to-3 day combination fast/slow passenger tickets (compared to 1,353 sold during the same period last year), with 58% of those tickets used for same-day round trips and 80% used within two days; and
- through August 10, 2011, the Authority had sold 309 "Sea 2 & Save" tickets (compared to 356 sold during the same period last year).

In-Water Survey and Diver Services for the *M/V Island Home*:

Mr. Lamson asked the Members to award Contract #14-11 for in-water survey and diver services for the *M/V Island Home* to the lowest eligible and responsible bidder for the contract, Northeast Diving Services, Inc. of Newport, Rhode Island, for a total contract price of $24,600. Mr. Lamson noted that, if the United States Coast Guard approves the underwater hull inspection dive survey, the vessel's next hull examination will be able to be deferred until November 2014. Otherwise, Mr. Lamson said, the vessel would have to be dry-docked no later than January 29, 2012, and the dry-docking would cost around $250,000.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to award Contract #14-11 for In-Water Survey and Diver Services for the *M/V Island Home* to the lowest eligible and responsible bidder for the contract, Northeast Diving Services, Inc. of Newport, Rhode Island, for a Total Contract Price of $24,600, as recommended in Staff Summary #E 2011-14, dated August 11, 2011.

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

<u>Dry-Dock and Overhaul Services for the *M/V Martha's Vineyard*</u>:

Mr. Lamson then asked the Members to award Contract #15-11 for dry-dock and overhaul services for the *M/V Martha's Vineyard* to the lowest eligible and responsible bidder for the contract, Colonna's Shipyard, Inc. of Norfolk, Virginia, for a total contract price of $899,076. Mr. Lamson noted that Colonna's was the only shipyard that submitted a bid for this contract, but he stated that this was because none of the other shipyards that normally bid on Authority work had any availability next month when the *M/V Martha's Vineyard* is required to be dry-docked. Mr. Lamson also noted that Colonna's original bid had been for $971,627, but after negotiations Colonna's had agreed to reduce the amount of its bid by around $71,000 without reducing the scope of its work under the contract. Mr. Lamson stated that, in addition to the usual dry-dock and overhaul services, the work to be performed by Colonna's includes upgrading the freight deck's sprinkler system at a cost of $95,000 (which was not included in the original budget estimate), and the installation of an HVAC system for the mezzanine deck and main 02 passenger deck at a cost of $431,000.

In response to a question from Mr. O'Brien, Mr. Lamson stated that management had concluded the Authority could not reject Colonna's bid and issue a new invitation for bids in the hope of obtaining a lower price. In this regard, Mr. Lamson noted that management had contacted all of the other shipyards that usually submit bids for Authority overhaul work, that none of them was available during the month of September, and that September 9, 2011 was the deadline for the *M/V Martha's Vineyard's* next dry-dock required by the Coast Guard. As a result, Mr. Lamson said, the Authority could not keep the vessel in service after September 9th even if it were able to have the work done at a lower cost in another shipyard in October 2011.

In response to a question from Mr. Marshall, Mr. Walker stated that the original budget estimate of $120,000 for the HVAC installation was frankly a very poor estimate, and that he felt Colonna's bid of $431,000 for this work was reasonable. Mr. Walker also stated that he thought the amounts for the other items in Colonna's bid were similarly reasonable and that, while Norfolk, Virginia was a little farther than he would like to take the *M/V Martha's Vineyard*, Colonna's had treated the Authority very fairly that last two times it had performed work on Authority vessels.

Mr. Hanover declared that he was glad the Authority was installing air conditioning on the *M/V Martha's Vineyard*, and he also asked management to consider installing a whistle on the vessel similar to the one on the *M/V Eagle*. Mr. Hanover noted that someone on Martha's Vineyard had offered to donate a whistle to the Authority for this purpose, and that he had forwarded a letter from the individual to management so that this possibility could be pursued if appropriate.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract #15-11 for Dry-dock and Overhaul Services for the *M/V Martha's Vineyard* to the lowest eligible and responsible bidder for the contract, Colonna's Shipyard, Inc. of Norfolk, Virginia, for a Total Contract Price of $899,076, as recommended in Staff Summary #E 2011-15, dated August 15, 2011.

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

Vessel Seating, Benches and Tables:

The Members then observed that, as a practical matter, there is only one vendor that can manufacture the seating, benches and tables the Authority uses on its vessels due to the Authority's requirement for standardization of spare parts. Nevertheless, Mr. Sayers stated that because the competitive bidding requirements in the Authority's Enabling Act do not allow "sole source" procurements in these circumstances, the Authority was issuing an invitation for bids for those items to provide other manufacturers the opportunity to demonstrate that their products are "equal" to the Beurteaux products being specified and that they otherwise meet the Authority's specifications.

In response to Mr. Tierney's concern that he hears complaints from Nantucket residents about passengers not being able to sleep on the *M/V Nantucket*, Mr. Lamson stated that management would investigate whether more benches could be installed on that vessel so that passengers can lie down as they do on the *M/V Eagle*. Mr. Ranney also asked if management could see whether the benches could be a couple of inches wider than the current ones on the *M/V Eagle* so that passengers will be able to lie down comfortably on their sides. But in response to another question from Mr. Ranney, Mr. Walker stated that there is no design for a vessel seat with arms that can flip up similar to seats on airlines, which would also allow passengers to lie down across several seats.

Port Council's Report:

Mr. Balco reported that, at their meeting earlier that month, the Port Council had reluctantly accepted the resignation of New Bedford Port Council member Jessica Fernandes due to a job change; that it had discussed the traffic trends of both the Authority and its competition; that it had discussed and recommended the approval of management's proposed change to the Authority's wait list policy (noting that the change is not needed for the Martha's Vineyard route); that it had reviewed potential changes to the Authority's procurement policies and had unanimously agreed that Mr. Sayers needed to summarize the changes in a more understandable framework; that it had reviewed the General Manager's proposed goals and had made a few suggestions which since had been incorporated into the current version of those goals; and that it had reviewed a proposed policy for flying the POW/MIA flag and suggested that management discuss this matter with the veteran's agent on Martha's Vineyard, which since had been done and had confirmed the appropriateness of management's proposed policy regarding when the flag would be flown by the Authority.

General Manager's Goals:

Mr. Lamson reviewed with the Members the goals that he was proposing for himself for the year commencing July 1, 2011 through June 30, 2012, noting that the eighth goal he had listed was one that the Port Council had recommended at their last meeting with which he had agreed. In this regard, Mr. Lamson stated that at that moment the Authority was conducting a market research project to get an idea where it should be going with its advertising and marketing initiatives.

Mr. Marshall stated that, while he agreed with the eighth listed goal of implementing appropriate marketing programs and strategies that will increase the Authority's ridership and market share, he wanted to make certain that such initiatives maintained whatever margins are approved by the Members as being acceptable. Mr. Marshall noted that, while market share and ridership are critical, the Authority's marketing programs have to make sense in terms of their economic impact.

Mr. Ranney also observed that the Authority should attempt to increase its market share by taking away market share from the airlines instead of from Hy-Line, observing that Hy-Line is the Authority's partner in the islands' transportation system while the airlines are not. In response, Mr. Lamson stated that he thought he should focus on both the airlines and Hy-Line, and Mr. Huss agreed. After Mr. Ranney cautioned that he did not want the Authority to put Hy-Line out of business, both Mr. Huss and Mr. Ranney stated that they did not think that would happen in any event.

Mr. Marshall asked that the fourth listed goal of continuing to assess the best ways of providing for the islands' future freight needs include at least the consideration of an alternate freight port as the Authority designs its new boats and reconfigures its existing boats. Mr. Marshall noted that the Authority once again has the opportunity to see whether an alternate freight port could be feasible and to stop transporting hazardous cargo and trash through Falmouth and Hyannis. In response, Mr. Lamson stated that he was planning to look into the economics of an alternate freight port and to update the Authority's studies and information on that subject for further discussion. Mr. Marshall also asked Mr. Lamson to consider doing what may be the best thing for the neighborhoods and prohibiting fuel trucks from traveling to or from Woods Hole, and Mr. Tierney seconded that request.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the General Manager's Goals for the year commencing July 1, 2011 through June 30, 2012 as presented by the General Manager.

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

Passenger Loading Ramps:

In response to a question from Mr. Hanover, Mr. Walker stated that the new passenger loading ramps that will be installed at the Vineyard Haven terminal later this year will have only one switchback, similar to the ramp that passengers use to disembark vessels at the Woods Hole terminal.

Mural Inside the Oak Bluffs Terminal Building:

Mr. Hanover informed Mr. Lamson that Margot Datz, who had painted the mural inside the Vineyard Haven terminal, had offered to paint another mural inside the Oak Bluffs terminal. In response, Mr. Lamson noted that he thought there was an appropriate space inside the Oak Bluffs terminal that could be used by Ms. Datz for a mural.

Public Comment:

Hy-Line's R. Murray Scudder, Jr. stated that he did not know exactly why Hy-Line was carrying more passengers this year, but that he was pleased it was because the number of passengers carried by Hy-Line in 2009 had been an historic low. Mr. Scudder also stated that he felt the overall passenger market for the islands was pretty strong, that he considers the relationship between the Authority and Hy-Line to be a partnership, and that it is important to maintain market shares that work for both of them.

In response, Mr. Marshall observed that the Authority and Hy-Line were dependent upon each other for a sensible coexistence and that he thought it was great for the customers because it kept both the Authority and Hy-Line alert and paying attention to the things that mattered. Mr. Jones also stated that he had always felt the relationship between the Authority and Hy-Line was that of a partnership, and he suggested that both of them start a dialogue with the various chambers of commerce to see how all of them can help each other. Mr. Jones noted that such a dialogue may be beneficial and that it certainly could not hurt.

At approximately 10:32 a.m., Mr. Marshall 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. Marshall also announced that, with respect to real estate, the subjects of discussion included the Authority's proposed land swap with the Town of Falmouth, the Authority's real estate transactions with the Falmouth Youth Hockey League, and potential sites for the Authority's Martha's Vineyard Reservation Office; and that, with respect to collective bargaining, the subjects of discussion included the Authority's negotiations with the Licensed Officers and Maritime Workers Union. Finally, Mr. Marshall announced that the Members would not reconvene in public after the conclusion of the executive session.

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

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

A TRUE RECORD

H. FLINT RANNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

September 20, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 20th day of September, 2011, 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 Robert S. Marshall of Falmouth; Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County.

Port Council Chairman George J. Balco of Tisbury, Port Council Secretary Frank J. Rezendes, and Port Council members Robert R. Jones of Barnstable, Nathaniel Lowell of Nantucket (who arrived during the discussion about Elliott Bay Design Group, LLC), and Robert V. Huss of Oak Bluffs 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Reservations and Community Relations Manager Gina Barboza; Director of Human Resources Phillip J. Parent; Director of Marketing Kimberlee McHugh; Port Captain Charles G. Gifford; 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 August 16, 2011.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for July 2011, 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 2.8%), more automobiles (up 2.4%) and fewer trucks (down 1.3%, due almost entirely to a decrease in the number of trucks carried on the Nantucket route) during the month than it had carried during the same month in 2010. Mr. Lamson also reported that the Authority's operating revenues for the month were $373,000 higher than what had been projected, and that the Authority's operating expenses for the month were $247,000 lower than projected. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $6,704,000, approximately $620,000 higher than projected.

Mr. Lamson then reported that, for the first seven months of 2011, the Authority's operating revenues had been $280,000 lower than projected, that its operating expenses had been around $1,943,000 lower than projected, and that, as a result, the Authority's net operating income for the first seven months of 2011 had been around $1,557,000, approximately $1,663,000 higher than projected. In response to a question from Mr. Marshall, Mr. Davis stated that the Authority's revenues for the month of August 2011 were around $700,000 lower than projected due to a significant drop in passenger and automobile traffic around the time of Hurricane Irene.

Martha's Vineyard Reservation Office:

Mr. Lamson reported that management hoped to be able to relocate the Authority's Martha's Vineyard Reservation Office to the Martha's Vineyard Airport terminal and he asked the Members for authorization to negotiate a five-year lease with the Martha's Vineyard Airport Commission for counter and office space located within that terminal. Mr. Lamson stated that, by relocating the office to that location, the Authority will be able to continue to provide island residents with all of the reservation services that the Authority presently provides at its current office, and that he expects the lease payments to be around $1,800 per month, including utilities. Mr. Lamson also noted that, at their meeting earlier in the month, the Port Council had voted to support this proposed relocation.

Mr. Hanover expressed his support for the proposed relocation, observing that the new space will lower some of the Authority's expenses while still providing the services that island residents need. Mr. Hanover also noted that the Martha's Vineyard Airport terminal has plenty of parking and an indoor waiting area with public restrooms, and that it is easily accessible as well.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Hanover -- to authorize the General Manager to negotiate a five-year lease with the Martha's Vineyard Airport Commission for suitable counter and office space at the Martha's Vineyard Airport terminal as a new location for all of the functions being performed at the Authority's current Reservation Office on Martha's Vineyard, as recommended by management in Staff Summary #GM-577, dated September 15, 2011.

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

Proposed 2012 Summer and Fall Operating Schedules:

Mr. Lamson then reviewed management's preliminary drafts of the 2012 Summer and Fall Operating Schedules for the period from May 21, 2012 through December 31, 2012, noting that the Members will not be asked to approve the final versions of these schedules until their meeting next month. Mr. Lamson also noted that the proposed schedules would provide basically the same level of service that the Authority has been providing in 2011, except for a few changes.

With respect to the Martha's Vineyard Route, Mr. Lamson stated that, under the proposed schedules, during the summer the *M/V Governor's* first trip from Woods Hole would be at 5:45 a.m. instead of 7:00 a.m., which would also result in the first freight trip from Vineyard Haven leaving at 6:45 a.m.

Mr. Lamson also noted that operating this earlier freight trip necessarily would result in the elimination of the *M/V Governor's* 9:50 p.m. trip from Woods Hole and its 10:50 p.m. return trip from Vineyard Haven, but that management felt there would be better use of the vessel in the morning.

Mr. Lamson further reported that, at their meeting earlier in the month, the Port Council had asked management to inform the Authority's freight shippers of these proposed changes because they would result in different times for the early morning freight trips on this route (for example, during the height of the summer the first freight trip from Vineyard Haven would leave at 6:45 a.m. instead of 6:15 a.m.). Mr. Lamson stated that management had since communicated with the freight shippers and was starting to receive some comments, which management would review with the Port Council at their next meeting. In response to a question from Mr. Hanover, Mr. Lamson also stated that management did not anticipate any weight restriction problems due to providing service with the *M/V Governor* instead of one of the other freight boats.

With respect to the Nantucket route, Mr. Lamson reported that management was proposing to start the *M/V Iyanough*'s high-speed passenger service on Tuesday, April 24, 2012, the week prior to Daffodil Weekend, a little later than when the Authority started service with the *M/V Iyanough* this year, which was on April 15, 2011. Mr. Lamson also stated that management was considering adding an early morning trip for the *M/V Iyanough* that would leave Hyannis at 5:45 a.m. and then leave Nantucket at 6:50 a.m., which would result in moving the vessel's current 8:00 a.m. departure from Hyannis to 8:15 a.m. (with the rest of the vessel's daily trips remaining the same). However, Mr. Lamson said, this earlier trip would be operated only from May 21 through September 5, 2012 when the vessel is triple-crewed.

Mr. Ranney stated that he would like to discuss whether the Authority should add an early morning trip for the *M/V Iyanough*, noting that the Authority was in a partnership with Hy-Line, which was already operating a high-speed ferry trip that leaves Hyannis at 6:30 a.m. and leaves Nantucket at 7:45 a.m. Mr. Ranney estimated that the Authority would probably carry 20 to 30 passengers on an early morning trip and that those passengers otherwise would have travelled with Hy-Line, which meant that the trip would not result in any increase in the overall passenger ferry market. Mr. Ranney also stated that he was dubious the Authority would carry enough passengers on that early trip to make it worthwhile, and he wondered whether the vessel's scheduled five-minute turnaround time was realistic.

Mr. Ranney also observed that most Nantucket residents do not have any interest in arriving at Hyannis at 8:00 a.m. because nothing is open at that time. Instead, Mr. Ranney said, they probably will continue to travel on the *M/V Eagle's* 6:30 a.m. trip that arrives at Hyannis at 8:45 a.m. and is less expensive; and even if they were to travel on the *M/V Iyanough*, Mr. Ranney noted that the Authority would just be competing with itself. Mr. Ranney also stated that the extra engine hours and wear and tear on the vessel made the proposed additional trip even more unattractive.

Mr. Lamson recounted that one of the goals that the Members had given him this year was to try to increase the Authority's ridership and market share, whether the additional passengers came from the airlines or Hy-Line, and he noted that the *M/V Iyanough* had a lot of unused capacity. Mr. Lamson also recounted how, when the Authority previously had operated this early morning trip with the *M/V Flying Cloud*, it had averaged 70 passengers on that round trip and that he had conservatively estimated that the Authority would only need to carry 50 passengers to pay for the extra fuel and break even, because he felt the extra engine hours were relatively negligible in comparison to the entire season. Further, Mr. Lamson reported that the Authority had been approached by contractors who would like to get to Nantucket earlier in the morning and otherwise would fly there.

Mr. Lamson also stated that management was proposing to operate this early morning trip only on a trial basis and that it would be discontinued if it is not successful. However, Mr. Lamson observed that the trip would not entail any additional labor costs because a triple crew is assigned to the vessel during this period and is paid for an entire 18-hour operating day even if the crew is not put to work.

Mr. Ranney stated that he appreciated management's efforts, but that he thought this early morning trip was just going to result in taking passengers away from Hy-Line while at the same time not generating enough ridership for the Authority. In this regard, Mr. Ranney noted that, during the month of August 2011, Hy-Line had carried an average of only 70 passengers from Hyannis on its 6:30 a.m. trip (an average of 108 passengers on Mondays, 81 on Tuesdays, 76 on Wednesdays, 80 on Thursdays, 60 on Fridays, 53 on Saturdays, and 11 on Sundays) and that, even if the Authority were to carry one-half of those passengers, that number would not be enough to make the trip worthwhile.

Mr. Marshall stated that he tended to support management's recommendations regarding scheduling and adding revenue, although he noted that this trip would not be cast in stone. Mr. Marshall also observed that no one knew at this time how many passengers the Authority will carry on that trip and he suggested that the Authority operate the trip and then review the results after the end of the season. Further, Mr. Marshall noted that an important consideration for him was that a crew already is available to make this trip at no additional labor cost for the Authority.

Mr. Lamson also noted that when this subject had been discussed at the last Port Council meeting, Mr. Lowell stated that he did not disagree with management's proposal. Nevertheless, Mr. Lamson said, management would continue to review whether the Authority should operate the proposed early morning trip and was certainly willing to talk about it.

Elliott Bay Design Group, LLC Royalty Sharing Agreement:

Mr. Lamson then asked the Members for authorization to negotiate a second royalty sharing agreement with Elliott Bay Design Group, LLC ("EBDG") pursuant to which EBDG will pay the Authority royalties for every vessel it designs that is based upon the design for the *M/V Island Home*. Mr. Lamson recounted how, in 2008, the Authority and EBDG had entered into their first royalty sharing agreement pursuant to which EBDG already has paid the Authority more than $1,000,000 in royalties for three vessels it designed for Washington State Ferries. Mr. Lamson reported that EBDG would now like to provide other customers with a similar opportunity to base the design of their new ferries on the *M/V Island Home's* design (for which the Authority would receive a royalty) as an alternative to having their new ferries designed from scratch or being based on other designs. Mr. Lamson stated that EBDG had offered to pay the Authority $75,000 for each vessel that is designed based upon the *M/V Island Home's* design, and that management was proposing that the Authority receive $100,000 for each vessel.

Although the Members agreed that the Authority should enter into a second royalty sharing agreement with EBDG, each of them felt that the Authority should receive more than $100,000 for each vessel that is designed based upon the *M/V Island Home's* design. In particular, Mr. Marshall noted that the Authority paid almost $1,000,000 to EBDG to design the *M/V Island Home*, which other EBDG customers would not have to pay by being able to use that design, and that those other customers would still see significant savings even after paying EBDG to make modifications to the design.

In response to a question from Mr. Marshall, Mr. Walker stated that he thought there was a market for the *M/V Island Home's* design, noting that the design could be modified to meet the needs of many ferry operators in the United States, including the Cape May-Lewes Ferry and the Cross Sound Ferry. Mr. Jones then stated that he similarly thought the design's value was much more than $100,000, and although he felt a royalty could be charged on a percentage basis, he agreed with charging a flat fee per vessel. But Mr. Jones declared that the flat fee should be much higher than $100,000, especially since the Authority knew the design was worth an average of $360,000 per vessel to Washington State Ferries and he did not believe that the cost of making modifications to the design would be significant. Therefore, Mr. Jones suggested that the Authority ask for a flat fee of $200,000 per vessel and see what EBDG's response is.

After Messrs. Marshall, O'Brien and Hanover stated that they agreed with Mr. Jones, Mr. Tierney suggested that the Authority start negotiations by asking for royalty fees of $250,000 per vessel. But Mr. Lamson cautioned that the amount paid by Washington State Ferries was due to unique circumstances where the United States Coast Guard had required Washington State Ferries to replace two ferries within a year and Washington State Ferries was only able to meet that deadline by using the *M/V Island Home* design. Nevertheless, Mr. Hanover declared that $100,000 was too low a fee, observing that the Authority had a proven design that had a significant amount of value.

In response to questions from Mr. Tierney, Mr. Sayers acknowledged that the agreement contained a provision requiring the Authority to litigate any dispute arising under the agreement in Washington, but Mr. Sayers stated that he had agreed to that provision in exchange for EBDG agreeing to indemnify the Authority not only against any claims arising out of EBDG's modifications to the *M/V Island Home* design, but also against any claims arising out of the *M/V Island Home* design itself. Mr. Sayers also stated that this indemnification was necessary because, in his opinion, insisting that EBDG's customers agree to release the Authority from any claims arising out of their use of the design would significantly decrease the design's value.

Mr. Balco then declared that offering the design for $250,000 per vessel would be a bargain for EBDG's customers, noting that the design already had sold three times for an average of $360,000 per vessel and that this lower amount represented a substantial discount. But Mr. Lamson again cautioned that comparing future royalties with what the Authority received due to the unique situation faced by Washington State Ferries would be a mistake because EBDG's other customers are not going to be faced with that situation.

Mr. Walker agreed, and also noted that EBDG still made substantial modifications to the *M/V Island Home* design for the vessels that were constructed by Washington State Ferries, observing that while those vessels look similar to the *M/V Island Home*, they are very different boats.

IT WAS VOTED -- upon Mr. Tierney's proposed amendment to Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to negotiate a second royalty sharing agreement with Elliott Bay Design Group LLP in substantially the form attached to Staff Summary #L-401, dated September 14, 2011, and, if the royalty fees to be paid the Authority under paragraph 2(a) of the agreement are $250,000 for each vessel, to execute the agreement on behalf of the Authority and to take all actions that are necessary and appropriate to fulfill the Authority's obligations under that agreement; otherwise the agreement shall be subject to the Members' approval.

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

Proposed 2012 Operating Budget:

Mr. Davis then reviewed with the Members the preliminary version of management's proposed 2012 Operating Budget, which Mr. Davis noted had been developed based upon the approved operating schedules through May 20, 2012 and operating schedules similar to this year's schedules for the balance of the year. Mr. Davis also noted that this preliminary version was being presented for discussion purposes only at this meeting, as the Members will not be asked to approve the final version of the 2012 Operating Budget until their meeting next month.

Mr. Davis reported that, as set forth in the proposed operating budget, the Authority's operating expenses are expected to increase by $3,400,000 in 2012 to $79,900,000, or 4.5% over the most current estimate of the Authority's operating expenses for 2011. Mr. Davis noted that the expense items which account for the bulk of the increase are:

(a) Vessel maintenance expense, which is expected to increase by $669,000 because the Authority has three vessels scheduled for dry-docks in 2012 (the *M/V Governor*, the *M/V Sankaty* and the *M/V Iyanough*, which is also scheduled for an engine overhaul).

(b) Depreciation, which is expected to increase by $411,000.

(c) Health care costs, which are expected to increase by $718,000 even after the Authority's employees begin to pay a larger percentage of the cost of their health care coverage.

(d) Vessel fuel oil, which is expected to increase by $1,540,000.

Mr. Davis observed that vessel fuel oil represented the most significant increase in the Authority's expenses and was also the most difficult to project. Currently, Mr. Davis said, crude oil was trading around $85 to $90 per barrel, and in the proposed 2012 Operating Budget management was assuming that it will be trading next year between $90 and $95 per barrel. Mr. Davis also noted that the Authority already has hedged its vessel fuel oil needs for the first half of 2012 as well as for a portion of the summer months.

By contrast, Mr. Davis reported that the Authority's operating revenues were projected to increase by only $524,000 to $84,158,000, or 0.6% over the most current estimate for 2011. Mr. Davis observed that the Authority's projected revenues for 2012 will be even lower when management updates its projections based on actual revenues for the month of August 2011, which were sharply lower due to Hurricane Irene. However, Mr. Davis stated that management was considering whether it should base its revenue projections on an average of several years' revenues instead of this past year due to this unusual circumstance, even though that would be a departure from the 2012 Budget Policy Statement that was adopted by the Members earlier this year.

In response to a question from Mr. Marshall, Mr. Davis stated that the Authority was expected to end up with a net operating income somewhere between $3,000,000 and $3,500,000 for 2011, instead of the $5,000,000 that was estimated based upon actual results through July 2011 and budget projections for the remainder of the year. Mr. Davis noted that this difference was attributable to lower revenues in August 2011 due to Hurricane Irene and because a few items that had been put off in the spring were anticipated to be completed in the fall. Mr. Davis also noted that the proposed 2012 Operating Budget projected an estimated net operating income of around $2,600,000 next year, but that management hoped to present a final version of the budget next month with a projected net operating income of around $3,000,000. In this regard, Mr. Lamson stated that, while the budget was still a work in progress, management was attempting to get through next year without a rate increase using reasonable projections, although he cautioned that the Authority might have some financial exposure if fuel prices were to increase.

Treasurer's Report:

Mr. Davis then reported that:

- through August 2011, the Authority had sold 3,152 10-ride fast ferry ticket books (an increase of 335 books, or 11.9%, from the same period last year), and that the sale of electronic books accounted for 76% of those sales;
- through September 14, 2011, the Authority had sold 541 fast ferry upgrade tickets (compared to 572 sold during the same time period in 2010);
- through September 14, 2011, the Authority had sold 553 SuperSaver automobile reservations; and
- through September 14, 2011, the Authority had sold 2,456 1-to-3 day combination fast/slow passenger tickets (compared to 2,026 sold during the same period last year).

In response to a question from Mr. Ranney, Mr. Davis stated that while some of the SuperSaver reservations had been purchased by new customers, other reservations had been purchased by existing customers who previously had travelled on the same trips at the regular fare. Therefore, Mr. Davis said, he could not accurately determine whether this program was resulting in an overall increase in revenues.

In response to a question from Mr. Marshall, Mr. Davis stated that the 1-to-3 day combination fast/slow passenger tickets were being promoted at the Nantucket terminal when customers showed up to buy tickets for travel that day. Mr. Marshall expressed concern that that this simply would result in the same number of customers traveling at lower prices rather than generating additional ridership, but Mr. Davis noted that the Authority was advertising this promotion in the local newspaper as well and that customers who travel at these discounted rates after first hearing about them at the terminal may also be more likely to travel with the Authority in the future.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Lamson informed the Members that, pursuant to the authorization they gave him the prior month, he had awarded Contract #12-11 for the Mid-Life Refurbishment of the *M/V Eagle* to the lowest eligible and responsible bidder for the contract, Thames Shipyard of New London, Connecticut, for a total contract price of $5,214,767. Mr. Lamson also noted that the Members had authorized him to award this contract as well as other contracts for owner-furnished equipment for this project if their aggregate cost came in close to management's revised budget estimate of $8,000,000, which reflected the reduction in the project's scope of work after bids for the project were first submitted earlier this year. Mr. Lamson stated that, based upon the bids that since have been received, management's current construction cost estimate for this project, including all associated costs that have been incurred to date and the estimated cost of owner-furnished materials and Authority personnel at the shipyard, was $7,836,205, including an allowance for contingencies in the amount of $528,681.

In response to a question from Mr. Ranney, Mr. Lamson stated that, as a result of the project, the *M/V Eagle* would be out of service from December 14, 2011 through mid-April 2012, and that in its place during this period the *M/V Nantucket* would be providing service on the Nantucket route. Mr. Lamson also stated that the *M/V Eagle's* Senior Captain and Senior Chief Engineer would be among the Authority personnel assigned to the shipyard during the project, and Mr. Walker noted that those individuals are authorized to approve changes to the work that is done at the shipyard.

Marine Evacuation Slides and Link Rafts for the *M/V Eagle*:

Mr. Lamson then informed the Members that, similarly pursuant to the authorization they gave him the prior month, he had awarded Contract #16-11 for the supply, delivery and installation of two marine evacuation slides and link rafts to the lowest eligible and responsible bidder for the contract, which was Liferafts Systems, Australia of Vancouver, British Columbia, Canada, for a total contract price of $368,100. Mr. Lamson noted that the marine evacuation slide and link raft system that will be provided by Liferafts Systems, Australia, is the same equipment that is currently installed on the *M/V Island Home* and the *M/V Nantucket*.

<u>Seating, Benches and Tables for the *M/V Eagle*</u>:

Mr. Lamson then informed the Board that, also pursuant to the authorization they gave him the prior month, he had awarded Contract #17-11 for the supply and delivery of seating, benches and tables for the *M/V Eagle* to the lowest eligible and responsible bidder for the contract, Beurteaux North America of Swansea, Massachusetts, for a total contract price of $256,928.75. Mr. Lamson noted that the seating, benches and tables that will be provided by Beurteaux are the same seats, benches and tables that are currently installed on the *M/V Island Home*, the *M/V Iyanough*, the *M/V Nantucket* and the *M/V Martha's Vineyard*.

<u>Marine Windows for the *M/V Eagle*</u>:

Mr. Lamson then asked the Members to award Contract #20-11 for the supply and delivery of marine clamp-in style windows for the *M/V Eagle* to the lowest eligible and responsible bidder for the contract, Pacific Coast Marine Industries, Inc. of Everett, Washington, for a total contract price of $100,409. Mr. Lamson noted that the windows being supplied by Pacific Coast Marine Industries will be provided to Thames Shipyard as owner-furnished equipment and installed by the shipyard to replace all of the *M/V Eagle's* exterior windows during its upcoming mid-life refurbishment.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. O'Brien -- to award Contract #20-11 for the Supply and Delivery of Marine Clamp-in Style Windows for the *M/V Eagle* to the lowest eligible and responsible bidder for the contract, Pacific Coast Marine Industries, Inc., of Everett, Washington, for a Total Contract Price of $100,409, as recommended in Staff Summary #E 2011-18, dated September 15, 2011.

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

Marine Doors for the *M/V Eagle*:

Mr. Lamson then asked the Members to award Contract #21-11 for the supply and delivery of A60 marine doors for the *M/V Eagle* to the lowest eligible and responsible bidder for the contract, Dean Steel, Inc. of San Antonio, Texas, for a total contract price of $219,895. Mr. Lamson noted that the doors being supplied by Deal Steel will be provided to Thames Shipyard as owner-furnished equipment and installed by the shipyard to replace all of the *M/V Eagle's* interior and exterior joiner doors.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to award Contract #21-11 for the Supply and Delivery of A60 Marine Doors for the *M/V Eagle* to the lowest eligible and responsible bidder for the contract, Dean Steel, Inc. of San Antonio, Texas, for a Total Contract Price of $219,895, as recommended in Staff Summary #E 2011-19, dated September 15, 2011.

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

Port Council's Report:

Mr. Balco reported that, at their meeting earlier that month, the Port Council had discussed the Authority's traffic trends and asked some questions regarding the sluggishness of the excursion traffic (asking specifically how many customers are now eligible for the excursion fare). Mr. Balco further reported that the Port Council had discussed the relocation of the Authority's Martha's Vineyard Reservation Office (voting to recommend that the Members authorize management to negotiate a lease with the Martha's Vineyard Airport Commission), and had also reviewed management's proposed 2012 operating schedules, including the early morning schedule changes, and the preliminary version of the proposed 2012 Operating Budget, including the Authority's fuel hedging program.

M/V Iyanough Side Loading:

In response to a question from Mr. Ranney, Mr. Lamson reported that, earlier in the week, management had met with the Hyannis and Nantucket terminal managers and an engineering firm that has been retained to come up with alternative plans for unloading passengers from the side of the *M/V Iyanough* so that they will not have to wait to disembark until after the luggage carts are unloaded. Mr. Lamson stated that he hoped management would be able to present a proposed solution at the Authority's next meeting, and that it could then be completed before the *M/V Iyanough* begins service next year.

S/S Martha's Vineyard's Whistle:

Recounting how Mr. Hanover had mentioned at their last meeting that several Martha's Vineyard residents wanted the old *S/S Martha's Vineyard's* whistle to be installed on the current *M/V Martha's Vineyard* similar to how the *S/S Nobska's* whistle is installed on the *M/V Eagle*, Mr. Ranney reported that the Authority may already be in possession of the whistle. Mr. Ranney stated that, in investigating this matter, he had been referred to Fred Hall of the Bridgeport & Port Jefferson Steamboat Company, who informed him in a telephone conversation that years ago he had given the whistle to the Authority when he had attended a commissioning ceremony on Martha's Vineyard for an Authority ferry. Accordingly, Mr. Ranney said, the Authority may already have the whistle somewhere.

Puzzles on the M/V Eagle:

Mr. Ranney recounted how an article in the September 11, 2011 edition of *The New York Times* reported that Washington State Ferries passengers have developed a hobby of putting together puzzles during their ferry trips that are left out for their entertainment, and he asked whether the Authority could consider similarly leaving out puzzles for passengers to work on while they ride the *M/V Eagle*. Mr. Ranney stated that having such entertainment on the vessel could result in increased ridership.

Licensing of Passenger Ferry Operators:

In response to a question from Mr. Marshall, Mr. Sayers stated that he had not yet been contacted by the attorney for the Falmouth-Edgartown Ferry about the renewal of its license, which expires on October 10, 2011, but that management would soon begin the process of renewing the licenses for all of the passenger ferry operators that are licensed by the Authority so that the process can be completed within the next few months.

Falmouth Youth Hockey League, Inc.:

Mr. Lamson announced that, earlier that month, the Falmouth Youth Hockey League, Inc. ("FYHL") had sold its properties around Skating Lane in Falmouth, Massachusetts to the Authority in accordance with the purchase and sale agreement the Authority entered into with FYHL in February 2010, and that the Authority correspondingly had sold its property on Technology Park Drive in Falmouth to FYHL. Mr. Lamson also noted that, the previous Saturday, FYHL had a groundbreaking for the new ice rink that it will be building on that property, which should be finished by next summer. Meanwhile, Mr. Lamson said, the Authority has agreed to allow FYHL to continue its activities in its existing ice rink on Skating Lane until its new rink is completed and, at that time, the Authority will also rent parking spaces from FYHL at its new location so that the Authority has overflow parking available for its customers during the peak summer weekends.

Land Swap with the Town of Falmouth:

Mr. Lamson also announced that the Town of Falmouth had successfully completed its percolation tests on the property the Authority owns on Research Road in Falmouth, Massachusetts, to confirm that the Authority's property can be used by the Town's wastewater treatment facility in connection with its comprehensive waste water management plan. As a result, Mr. Lamson said, the Town has agreed to acquire the Authority's property in exchange for another parcel of property the Town owns on the other side of Research Road, although he noted that the land swap is still subject to Town Meeting approval at a special Town meeting scheduled for November 2011.

Presentation by the Town of Nantucket:

Nantucket Town Manager C. Elizabeth Gibson introduced Nantucket's Marine Superintendent/Harbormaster David Fronzuto and Assistant Marine Superintendent/Assistant Harbormaster Sheila Lucey, saying that they wanted to make a presentation on behalf of the Town of Nantucket and its Marine and Coastal Resources Department. Mr. Fronzuto then stated that, every once in a while, Nantucket needed to pause and reflect on what an integral part the Authority's plays for life on Nantucket and, in this regard, the Town wished to recognize two members of the Authority for their assistance to the Town in connection with the *F/V Miss China* mishap.

Ms. Lucey then thanked Captain Gifford for all of the support he provides the Town on a constant basis, recounting how he had helped the Town remove the *F/V Miss China* in record time when it became a hazard to navigation last winter, and noting that the help the Town received in that instance was just one example of the assistance that Captain Gifford repeatedly provides the Town whenever it is needed. Mr. Fronzuto similarly thanked Mr. Ranney for his support, declaring that Mr. Ranney also has been instrumental in helping the Town's Marine and Coastal Resources Department with respect to many other matters, and that the Town could not thank Mr. Ranney enough.

At approximately 10:58 a.m., Mr. Marshall 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, and that the public disclosure of any more information would compromise the purpose for which the executive session was being called. Mr. Marshall also announced that, with respect to collective bargaining, the subjects of discussion included the Authority's negotiations with the Licensed Officers and Maritime Workers Union. Finally, Mr. Marshall announced that the Members would not reconvene in public after the conclusion of the executive session.

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

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

A TRUE RECORD

H. FLINT RANNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA’S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

October 18, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 18th day of October, 2011, beginning at 10:41 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 Robert S. Marshall of Falmouth; Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; Robert L. O’Brien of Barnstable; and Marc N. Hanover of Dukes County.

Port Council Chairman George J. Balco of Tisbury, Port Council Secretary Frank J. Rezendes, and Port Council members Robert R. Jones of Barnstable and Robert V. Huss of Oak Bluffs 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Reservations and Community Relations Manager Gina Barboza; Director of Human Resources Phillip J. Parent; Director of Marketing Kimberlee McHugh; Martha's Vineyard Terminal Manager Bridget Tobin; and General Counsel Steven M. Sayers.

Martha’s Vineyard Airport Lease:

After Mr. Marshall welcomed Dukes County Commissioners John Alley, Leslie Leland, Leonard Jason and Melinda Loberg to the meeting, Mr. Sayers reported that the Dukes County Commissioners had advised the Authority that they are interested in assuming the lease the Authority has with the Martha's Vineyard Airport Commission for undeveloped land at the Airport Business Park. Mr. Sayers stated that the Commissioners hope to be able to use the property for storing town records, for centralizing the storage of backhoes and other construction equipment and for other public uses. Mr. Sayers further stated that, while the Commissioners are waiting to discuss the matter later that month with a committee of the Martha's Vineyard Airport Commissioners, who also have to approve the transaction, management was recommending that the Members authorize the assumption of the lease by the Commissioners as requested.

Mr. Alley confirmed that the Commissioners would very much like to assume the lease in order to make additional public uses of the property that would promote intermodal transportation on the island. Mr. Alley stated that the Commissioners' assumption of the lease would benefit both the County and the Authority, and that the Commissioners were very supportive of this idea. Mr. Hanover agreed, noting how the original purpose for the property was for overflow staging and as a potential site for a new reservation office, but that the Authority no longer needed the property as a result of the Internet.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the assumption by the Dukes County Commissioners of the Authority's lease with the Martha's Vineyard Airport Commission for undeveloped land at the Martha's Vineyard Airport Business Park, as recommended by management this day.

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

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on September 20, 2011 with the correction of one typographical error.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for August 2011, 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 (down 8%) and fewer automobiles (down 5.4%) during the month than it had carried during the same month in 2010 primarily due to the impacts of Hurricane Irene, although the Authority carried more trucks (up 1.9%) that month than in August 2010. Mr. Lamson also reported that the Authority's operating revenues for the month were $666,000 lower than what had been projected, and that the Authority's operating expenses for the month were $106,000 lower than projected. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $6,758,000, approximately $560,000 lower than projected.

Mr. Lamson then reported that, for the first eight months of 2011, the Authority's operating revenues had been $946,000 lower than projected, that its operating expenses had been around $2,048,000 lower than projected, and that, as a result, the Authority's net operating income for the first eight months of 2011 had been around $8,315,000, approximately $1,102,000 higher than projected. Mr. Lamson also stated that the Authority's cash balances remained strong and that the transfers to the various special purpose funds, particularly to the replacement fund, were expected to be a little higher than projected. However, Mr. Lamson noted that the Authority continued to experience a loss of market share, particularly on the Nantucket route, although he stated that management would be addressing that in the near future.

2012 Summer and Fall Operating Schedules:

Mr. Lamson then reviewed management's proposed 2012 Summer and Fall Operating Schedules for the period from May 21, 2012 through December 31, 2012, noting that that the proposed schedules would provide basically the same level of service the Authority has been providing in 2011, except for a few changes with respect to the Martha's Vineyard route. Specifically, Mr. Lamson said:

(a) The *M/V Governor* would operate the entire summer schedule, berthing overnight in Woods Hole, and its first trip from Woods Hole would be at 5:30 a.m. instead of 7:30 a.m. This would also more evenly space out the early morning trips from Vineyard Haven so that they leave at 6:00 a.m., 6:30 a.m. and 7:00 a.m., and will necessarily eliminate the *M/V*

Governor's 9:50 p.m. trip from Woods Hole and its 10:50 p.m. return trip from Vineyard Haven.

(b) During the height of the summer schedule (June 20, 2012 through September 5, 2012), the *M/V Sankaty* would operate the schedule that was operated by the *M/V Katama* this year (with the *M/V Katama* being berthed in Fairhaven as the back-up vessel).

Mr. Marshall stated that his only concern about the proposed schedules was the same concern that had been expressed by Falmouth Port Council member S. Eric Asendorf at the Port Council meeting earlier that month, namely, that such an early-morning departure from Woods Hole should only be allowed on the condition that the Authority remain sensitive to the amount of noise from its Woods Hole operations at that time of the morning. In response, Mr. Lamson stated that he agreed with that concern and that management would work towards reducing the amount of noise from the Authority's operations as much as possible. Mr. Hanover similarly cautioned that there should not be any excessive noise in either Woods Hole or Vineyard Haven, observing that if the Authority's operations begin to cause problems at that time of the morning, the early trips may have to be discontinued.

Oak Bluffs Selectman Michael Santoro then welcomed the Members to Oak Bluffs, declaring that he had nothing but praise for the Authority's new computerized reservation system, its new Oak Bluffs terminal, and the friendliness of the Authority's employees. With that said, however, Mr. Santoro asked whether the Authority could expand its schedule into Oak Bluffs next year, noting that, now the construction of the terminal was complete, there appeared to be no reason for the town to continue to lose one week of scheduled service before Memorial Day, and the resumption of that service would also make a financial difference to the town as a result of the additional passenger embarkation fees it would collect.

Mr. Santoro also asked why so many trips into Oak Bluffs had been cancelled this past summer, because he had often observed that there were no heavy seas or wind at the time of those cancellations. While Mr. Santoro acknowledged that those decisions are probably made by the vessels' Captains, he noted that each cancelled trip affects the community economically, which increases people's frustration. After also asking if he could receive a copy of the Authority's lease agreement with the town, Mr. Santoro thanked the Members for their continued hard work.

In response, Mr. Lamson stated that management had considered Oak Bluffs' desire for more service when preparing next year's proposed schedules, but that the amount of traffic did not justify opening the Oak Bluffs terminal until the week before Memorial Day. Mr. Lamson stated that, until then, the Authority can handle everything at the Vineyard Haven terminal, which results in much greater efficiencies (especially for customers traveling on standby). Mr. Lamson also noted that opening the Oak Bluffs terminal adds to the Authority's expenses and that those costs have to be balanced against the town's desire for earlier service, especially when trips to Oak Bluffs were more prone to be cancelled at that time of year anyway. Finally, Mr. Lamson stated that the Authority also has to take into account the Town of Tisbury's similar desire for more service prior to Memorial Day.

Mr. Lamson further stated that trips to Oak Bluffs were cancelled this past summer generally when there was a safety issue. Mr. Lamson noted that, even when the wind is calm, the sea may be too rough to dock safely at Oak Bluffs. In addition, Mr. Lamson said, at certain tide conditions, tour buses do not have sufficient clearance to board or disembark the *Martha's Vineyard* and, while those buses might be carried on other trips scheduled to go into and out of Vineyard Haven, those trips may be filled with other customers or the tour bus companies may simply want to travel at the time a trip is scheduled to arrive at or leave Oak Bluffs.

Mr. Santoro stated that the Oak Bluffs Selectmen would love to continue this discussion about possibly increasing scheduled ferry service to Oak Bluffs, particularly as the economy improves, and he declared that the new Oak Bluffs terminal was a great terminal and they would love to see it utilized more. In addition, Mr. Santoro said, the Oak Bluffs Selectmen knew that increasing service to Oak Bluffs could alleviate traffic issues in Vineyard Haven.

However, Tisbury Selectman Jeffrey Kristal declared that Tisbury was equally as passionate as Oak Bluffs about seeing the Authority's ferries provide service to Vineyard Haven, and he noted that while Oak Bluffs simply wanted the Authority to extend its season, in Vineyard Haven there were year-round businesses that needed the additional ferry service in order to make it through the winter. Mr. Kristal also observed that Vineyard Haven only had problems with ferry traffic when there were hurricanes.

After Mr. Marshall declared the Authority did not want to be involved in a Civil War, Mr. Balco stated that it was clear that both towns had their points of view, but that Mr. Lamson was making his decisions based upon what he felt was best for the Authority from a cost standpoint. Mr. Tierney then called the question.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the 2012 Summer and Fall Vessel Operating Schedules as proposed by management in Staff Summary #RCR 04-11, dated October 13, 2011.

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

2012 *M/V Iyanough* Operating Schedules:

Mr. Lamson then requested that the Members approve management's proposed 2012 operating schedules for the *M/V Iyanough*, noting that the only change from this year's schedules was when the vessel would commence service – the start of the *M/V Iyanough's* service would be Tuesday, April 24, 2012, the week prior to Daffodil Weekend, while this past year the Authority began service with the *M/V Iyanough* on April 15, 2011. Mr. Lamson also recounted how, last month, management had proposed adding an early morning trip to the schedule (leaving Hyannis at 5:45 a.m.) when the vessel is already manned with a triple crew; but Mr. Lamson reported that management since had estimated that the additional fuel costs would be around $259,000 and had concluded that it would be more cost effective to spend that amount of money by increasing the Authority's advertising budget.

Mr. Ranney stated that he appreciated Mr. Lamson's analysis and agreed with his final recommendation, although he hoped that the increase in the Authority's advertising budget will not be spent on a billboard in Boston. In addition, Mr. Ranney asked if it would be possible to operate additional trips with the *M/V Iyanough* during Christmas Stroll. In response, Mr. Lamson stated that he already had asked for an estimate of how much it will cost to provide an extra trip at that time of year and that, if it looked as if the Authority could carry enough passengers on an additional trip in order to break even, he thought the extra trip should be provided, especially since the vessel is usually sold out on many of its other trips during Christmas Stroll.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the 2012 *M/V Iyanough* Operating Schedules as proposed by management in Staff Summary #RCR 06-11, dated October 13, 2011.

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

2012 Reservation Opening Dates:

Mr. Lamson then informed the Members that the timeline for making vehicle reservations for travel during the Authority's 2012 Summer and Fall Schedules would be as follows:

(a) Reservations for the Summer Schedule:
(05/12/2012 through 10/14/2012)

- Headstart reservations will be accepted (by mail and internet only) from January 10, 2012 through January 15, 2012
- Reservations for the general public will be accepted by mail and over the internet beginning January 17, 2012.
- Telephone reservations for the general public can be made beginning January 24, 2012.

(b) Reservations for the Fall Schedule:
(10/15/2012 through 12/31/2012)

- Reservations for the general public will be accepted (by mail, internet and telephone) beginning June 18, 2012.

In addition, the "reservation-only" days for vehicles traveling on the Martha's Vineyard route will be every Friday, Saturday, Sunday and Monday from June 22 through September 3, as well as from May 25 through May 29 (around

Memorial Day), July 3 and July 5 (around Independence Day) and October 5 and October 8 (around Columbus Day).

Martha's Vineyard Reservation Office:

Mr. Lamson then provided the Members with an update on the proposed relocation of the Authority's Martha's Vineyard Reservation Office to the Martha's Vineyard Airport terminal building. Specifically, Mr. Lamson stated that he anticipated that, later that month, the Martha's Vineyard Airport Commission will consider the lease that he had tentatively negotiated with the Martha's Vineyard Airport Manager for the Authority's use of counter space (beside the terminal's rental car counters) for in-person transactions and a room at the other end of the terminal that will be used by the Authority's telephone clerks and a supervisor. Mr. Lamson also stated that, assuming that the Martha's Vineyard Airport Commission approves the lease, management hoped to move the Martha's Vineyard reservation office to the new location by the end of the year so that it can open there before Headstart begins.

In response to a question from Mr. Marshall, Mr. Lamson stated that it costs the Authority around \$370,000 a year to operate the current Martha's Vineyard reservation office, of which \$340,000 is attributable to employees' wages and benefits. However, Mr. Lamson said, if the office were closed, the Authority would need to transfer some of those employees to its Mashpee reservation office, and would have to continue paying them around \$170,000 a year in wages and benefits. Accordingly, Mr. Lamson noted that the net cost savings of closing the Martha's Vineyard reservation office would be around \$200,000 a year.

After Mr. Lamson finished his report, Mr. Marshall noted that, assuming the Martha's Vineyard Airport Commission approves the new lease, the \$200,000 a year that the Authority will continue to spend on its Martha's Vineyard reservation office is a non-revenue producing expenditure that is entirely an accommodation for the island of Martha's Vineyard, and that the record should reflect this when complaints are made about the Authority's alleged failure to control its expenses.

2012 Operating Budget:

Mr. Davis then reviewed with the Members management's proposed 2012 Operating Budget, which Mr. Davis noted had been developed based upon the amount of operating revenues the Authority would receive if traffic levels remained the same as they were during the twelve-month period from August 2010 through July 2011. In addition, Mr. Davis stated that next year the Authority's total operating expenses were expected to increase by almost $3,400,000 (or 4.4%) to almost $79,800,000, and that expense items which accounted for the bulk of the increase in expenses were:

(a) Vessel fuel oil, which is expected to increase by $1,165,000.

(b) Health care and pension costs, which are expected to increase by $1,043,000 even after our employees begin to pay a larger percentage of the cost of their health care coverage.

(c) Vessel maintenance expense, which is expected to increase by $537,000.

(d) Depreciation, which is expected to increase by $376,000.

(e) Advertising, which is expected to increase by $241,000.

By contrast, Mr. Davis said, the Authority's operating revenues were projected to increase by only $1,458,000, or 1.8%, over the most current estimate for 2011, to $84,420,000. Further, because management was not requesting any rate increases for next year, this will result in an estimated net operating income of approximately $2,800,000, after other income (including license fees of around $466,000) and interest payments on the Authority's bonds.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the 2012 Operating Budget as proposed by management in Staff Summary #A-534, dated October 13, 2011.

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

Resolution Authorizing the Sale
of $6,000,000 of Steamship Bonds:

Mr. Davis then asked the Members to approve management's proposed resolution authorizing the sale of $6,000,000 of Steamship Bonds to fund the *M/V Eagle* Mid-life Refurbishment Project. Mr. Davis noted that the Authority currently has $57,185,000 of outstanding bonds with a maximum bond authorization of $75,000,000 and that, with the additional bond issue, its estimated annual debt service payments will be around $7,500,000 for each of the next nine years. Mr. Davis also reported that he and Mr. Lamson had met the day before with the Financial Advisory Board of the Commonwealth's Executive Office of Administration and Finance to review the project and obtain a waiver to sell the bonds on a negotiated basis, if needed. While Mr. Davis stated that he did not anticipate that it will be necessary to sell the bonds on a negotiated basis, as opposed to a competitive basis, management wanted to have that flexibility, and that the Board had approved the waiver conditional upon the Members' approval of management proposed resolution.

In response to a question from Mr. Marshall, Mr. Davis stated that he anticipated that the interest rates on the bonds would be around three percent (3%), based upon bonds that recently had been issued by the Town of Longmeadow.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. O'Brien -- to adopt a Resolution Providing for the Issue of $6,000,000 Steamship Bonds of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority in the form attached to Staff Summary #A-533, dated October 13, 2011.

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

Nantucket Terminal Fast Ferry Passenger Ramp Modifications:

Mr. Lamson then requested authorization from the Members to award Contract No. 27-11 for the Nantucket terminal fast ferry passenger ramp modifications to the lowest eligible and responsible bidder for the contract after bids are opened on October 27, 2011. Mr. Lamson noted that the modifications were required to meet code requirements and that the contractor will be required to modify the existing ramp and transition plate and construct a concrete transition from the ramp system to the existing pavement by the end of this fall.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Hanover -- to authorize the General Manager to award Contract #27-11 for the Nantucket Terminal Fast Ferry Ramp Modifications to the lowest eligible and responsible bidder for the contract after bids for the contract are opened on October 27, 2011, as recommended in Staff Summary #E 2011-22, dated October 13, 2011.

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

Vineyard Haven Dolphin Replacement:

Mr. Lamson then requested authorization from the Members to award Contract No. 26-11 for the replacement of the Slip #2, approach dolphin #2, at the Vineyard Haven terminal to the lowest eligible and responsible bidder for the contract after bids are opened on October 19, 2011. Mr. Lamson noted that the dolphin has failed and requires complete replacement, and that the new dolphin, which will be identical to the #3 approach dolphin which was constructed in the spring of 2010, will be completed by the end of this fall.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract #26-11 for the Vineyard Haven Dolphin Replacement to the lowest eligible and responsible bidder for the contract after bids for the contract are opened on October 19, 2011, as recommended in Staff Summary #E 2011-21, dated October 13, 2011.

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

M/V Gay Head Dry-dock and Overhaul Services:

Mr. Lamson then asked the Members to award Contract No. 19-11 for dry-dock and overhaul services for the *M/V Gay Head* to the lowest eligible and responsible bidder for the contract, Thames Shipyard and Repair Company of New London, Connecticut, for a total contract price of $293,720. Mr. Lamson stated that the vessel was scheduled to be in the shipyard from mid-November 2011 until mid-December 2011 to undergo a required United States Coast Guard hull examination, machinery inspections, rudder repairs and underwater hull cleaning and painting.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Tierney -- to award Contract #19-11 for dry-dock and overhaul services for the *M/V Gay Head* to the lowest eligible and responsible bidder for the contract, Thames Shipyard and Repair Company of New London, Connecticut, for the Total Contract Price of $293,720, as recommended in Staff Summary #E 2011-20, dated October 14, 2011.

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

Hyannis Terminal Automatic Door Replacement:

Mr. Lamson then requested authorization from the Members to award Contract No. 28-11 for the replacement of the Hyannis terminal's automatic door to the lowest eligible and responsible bidder for the contract after bids are opened on October 27, 2011. Mr. Lamson noted that the cost estimate for the contract was $15,000.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to authorize the General Manager to award Contract #28-11 for the Hyannis Terminal Automatic Door Replacement to the lowest eligible and responsible bidder for the contract after bids for the contract are opened on October 27, 2011, as recommended in Staff Summary #E 2011-23, dated October 13, 2011.

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

Nantucket Terminal Dolphin Repairs:

Mr. Lamson then asked the Members to award Contract No. 24-11 for repairs to the Nantucket terminal's Slip #1, berthing dolphin #3, to the lowest eligible and responsible bidder for the contract, Grove Construction, Inc. of Hopedale, Massachusetts, for a total contract price of $195,000. Mr. Lamson recounted how this dolphin had been damaged as a result of the allision with the *M/V Eagle* last year when the vessel's rudder and propeller were covered by a large piece of floating material. Mr. Lamson stated that the dolphin's concrete mass must be removed and replaced and that the work was scheduled to take place in late October through the first three weeks of November 2011.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract #24-11 for Nantucket Terminal Dolphin Repairs Slip #1 to the lowest eligible and responsible bidder for the contract, Grove Construction, Inc. of Hopedale, Massachusetts, for the Total Contract Price of $195,000, as recommended in Staff Summary #E 2011-24, dated October 13, 2011.

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

Port Council's Report:

Mr. Huss reported that, at their meeting earlier that month, the Port Council had reviewed management's proposed vessel operating schedules and discussed the issues surrounding the potential 5:30 a.m. freight trip from Woods Hole; had also reviewed management's proposed budget, including the increase in the advertising expense which the Port Council had felt would result in increased revenues; and had discussed how the number of the Authority's excursion customers were decreasing by a few hundred people each year so that the figures (between 8,600 and 8,700 on Martha's Vineyard and around 4,300 on Nantucket) now hopefully more accurately reflect the number of year-round residents on each island.

Public Comment:

Martha's Vineyard resident Anna Cimeno brought to the Members' attention a problem she had encountered with the thresholds of the elevators on the *M/V Island Home*, namely that the thresholds are about 1-½ inches higher than the freight deck and, as a result, wheelchairs cannot be pushed over them. Instead, Ms. Cimeno said, wheelchairs have to be turned around and pulled over the thresholds. In response, Mr. Walker stated that all of the vessel's elevator thresholds are compliant with the guidelines that existed at the time of the vessel's construction and that, to correct the problem, the Authority would have to put ramps at all of the elevators' doors.

Ms. Cimeno then asked whether the Authority could have signs on the freight decks telling drivers of vehicles not to start their engines until the boat docks, noting how the exhaust from all of the vehicles' engines blows right next to passengers on the freight deck, some of whom are waiting with babies in strollers. Although Ms. Cimeno acknowledged that the Authority makes an announcement during the trip telling drivers not to start their engines until the vessel docks, she stated that passengers did not listen to those announcements and that signs on the freight deck would be more effective.

At this time, Messrs. Ranney, O'Brien and Jones left the meeting.

Mr. Hanover thanked Ms. Cimeno for her suggestions and stated that the Authority should also have signs telling drivers to turn off their car alarms, observing that in the Authority's entire history no car has even been stolen while it was on one of the boats.

At approximately 11:40 a.m., Mr. Marshall 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. Marshall also announced that, with respect to collective bargaining, the subjects of discussion included the Authority's negotiations with the Licensed Officers and Maritime Workers Union and that, with respect to real estate matters, the subjects of discussion included the proposed land swap with the Town of Falmouth of properties located on Research Road and the Authority's easement over the property recently purchased by the Falmouth Youth Hockey League. After Mr. Marshall stated that the public disclosure of any more information with respect to these and other subjects would compromise the purpose for which the executive session was being called, he announced that the Members would not reconvene in public after the conclusion of the executive session.

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

VOTING	**AYE**	**NAY**
Mr. Marshall	**10 %**	
Mr. Tierney	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**55 %**	**0 %**

A TRUE RECORD

H. FLINT RANNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

November 15, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 15th day of November, 2011, beginning at 9:33 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 Robert S. Marshall of Falmouth; Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County.

Port Council Chairman George J. Balco of Tisbury, Port Council Secretary Frank J. Rezendes, and Port Council members Robert R. Jones of Barnstable and Robert V. Huss of Oak Bluffs 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 Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Director of Marketing Kimberlee McHugh; Reservations and Community Relations Manager Gina Barboza; 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 October 18, 2011.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for September 2011, 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%) and more automobiles (up 3.8%) during the month than it had carried during the same month in 2010, but that it had carried fewer trucks (down 2.5%) that month than in September 2010. Mr. Lamson also reported that the Authority's operating revenues for the month were $95,000 higher than what had been projected, and that the Authority's operating expenses for the month were $76,000 lower than projected. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $2,258,000, $171,000 higher than projected.

Mr. Lamson then reported that, for the first nine months of 2011, the Authority's operating revenues had been $850,000 lower than projected, that its operating expenses had been around $2,124,000 lower than projected primarily due to timing differences and lower-than-expected health claims, and that, as a result, the Authority's net operating income for the first nine months of 2011 had been around $10,573,000, approximately $1,274,000 higher than projected. Mr. Lamson also stated that the Authority's cash balances remained strong and that the transfers to the various special purpose funds, particularly to the replacement fund, were expected to be a little higher than projected.

Renewal of Private Passenger Ferry Operators' License Agreements:

Mr. Sayers then asked the Members to approve three-year renewals of the Authority's license agreements with:

(a) Cape & Islands Transport, Inc. ("CIT"), which operates seasonal passenger ferry service between Falmouth Inner Harbor and Edgartown with the *M/V Pied Piper*;

(b) Freedom Cruise Line, Inc. ("Freedom"), which operates seasonal passenger ferry service between Harwichport and Nantucket with the *M/V Freedom*; and

(c) Hyannis Harbor Tours, Inc. ("Hy-Line") which operates seasonal passenger ferry service between Hyannis and both Nantucket and Martha's Vineyard, seasonal passenger ferry service between Martha's Vineyard and Nantucket, and year-round high-speed passenger ferry service between Hyannis and Nantucket.

Mr. Sayers stated that, because this was the third round of license renewals that the Authority has not received any comments from the public or any local officials despite notifying them by newspaper advertisements and emails, management was recommending that each of the new agreements contain a provision allowing its automatic renewal for another three-year term unless either party notifies the other by August 31, 2014 of its desire to terminate or change any provisions of the agreement. However, Mr. Hanover expressed his concern that three years from now the traveling public may have some issues with the service being provided by one or more of the private ferry operators and he wanted to make certain that the Authority had the ability to address those issues before any of the new license agreements are renewed. In response, Mr. Lamson stated that management would place this subject on the agenda of the Members' meeting in July 2014 to ensure that any issues at that time will be able to be raised and addressed.

With respect to CIT's ferry service, Mr. Sayers noted that management's recommended new agreement (and which was also acceptable to CIT) contained certain changes from its current license agreement. Specifically, Mr. Sayers, said, during CIT's Spring schedule, the *M/V Pied Piper* would operate only on Fridays, Saturdays, Sundays (and Memorial Day) commencing the Friday immediately preceding Memorial Day through the Thursday (or the Wednesday in 2014) immediately preceding Independence Day, and CIT would also eliminate its Fall schedule entirely, resulting in the *M/V Pied Piper's* service ending on Labor Day of each year. In addition, Mr. Sayers stated that CIT and any of its affiliates with a common controlling interest would be prohibited from operating any other ferry service between the mainland and either island (including service with a vessel with a capacity of fewer than 40 passengers), although the General Manager would be allowed (but not required) to approve an occasional charter trip or other ferry service (with a vessel with a capacity of fewer than 40 passengers).

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to enter into a new license agreement with Cape & Islands Transport, Inc. in substantially the form attached to Staff Summary #L-402, dated November 9, 2011, with an additional provision allowing the agreement's automatic renewal for another three-year term unless either party notifies the other by August 31, 2014 of its desire to terminate or change any provisions of the agreement.

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

With respect to Freedom's ferry service, Mr. Sayers stated that management's recommended new license agreement would not allow any operational changes, but would include a provision that, in the event Freedom desires to transfer its business to a new owner (whether the new owner is a purchaser of Freedom's assets or the purchaser of a controlling interest in the company), the prospective new owner may apply to the Authority for a transfer of the license agreement.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to enter into a new license agreement with Freedom Cruise Line, Inc. in substantially the form attached to Staff Summary #L-402, dated November 9, 2011, with an additional provision allowing the agreement's automatic renewal for another three-year term unless either party notifies the other by August 31, 2014 of its desire to terminate or change any provisions of the agreement.

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

Finally, with respect to Hy-Line's ferry service, Mr. Sayers stated that management was recommending that Hy-Line be allowed to change the times of its vessel departures and arrivals to also both reduce the number of daily trips and shorten the seasonal time periods during which any of those trips are operated, unless the proposed changed times of Hy-Line's vessel departures or arrivals conflict with those of the Authority or cause undue congestion in one of the local harbors, or unless a shortening of the seasonal time period for the schedules result in there being no scheduled daily high-speed passenger ferry service between Hyannis and Nantucket at any time of the year except December 25th.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to enter into a new license agreement with Hyannis Harbor Tours, Inc. in substantially the form attached to Staff Summary #L-402, dated November 9, 2011, with an additional provision allowing the agreement's automatic renewal for another three-year term unless either party notifies the other by August 31, 2014 of its desire to terminate or change any provisions of the agreement.

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

SeaStreak's Suspension of Winter Service
between New Bedford and Martha's Vineyard:

Mr. Lamson then stated that management was recommending that the Members approve a request that had been received from Seastreak Holding Company, LLC ("Seastreak") to suspend its scheduled winter passenger ferry service between New Bedford and Martha's Vineyard from December 1, 2011 through April 30, 2012 because there is not enough demand to warrant providing the service during that time period. Mr. Lamson noted that the New Bedford Harbor Development Commission already had approved the suspension of Seastreak's service during this time period, and that earlier this month the Port Council also had voted to recommend approval of the request.

Mr. Tierney expressed his concern that Seastreak was seeking approval to suspend its winter service through April 2012 while in the past it had only suspended its winter service through March. But Seastreak President James A. Barker stated that this past year ridership had been extremely low during April, resulting in a financial loss for Seastreak of around $50,000 for that month alone. Indeed, Mr. Barker said, ridership had continued to be low during the month of May as well.

In response to further questions from Mr. Tierney, Mr. Barker stated that Seastreak was looking into whether it should lower fares, or provide family packages, or offer discounts to residents of the New Bedford area, or offer off-peak travel rates in order to compete with the high-speed passenger ferry that operates between Rhode Island and Martha's Vineyard. Mr. Barker noted that Seastreak's service was much more frequent and reliable than the Rhode Island service, so Seastreak should be able to increase its ridership especially if the customers of that competing service were provided a financial incentive to try Seastreak's service.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. O'Brien -- to approve Seastreak Holding Company, LLC's request to suspend its passenger ferry service between New Bedford and Martha's Vineyard during the months of December 2011 through April 2012, as recommended by management in Staff Summary #GM-581, dated November 4, 2011.

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

Martha's Vineyard Airport Reservation Office Lease:

Mr. Lamson asked the Members for authorization to enter into a five-year lease with the Martha's Vineyard Airport Commission commencing December 1, 2011 for counter space and office space at the Martha's Vineyard Airport Terminal to be used as the Authority's Martha's Vineyard Reservation Office, in the form attached to Staff Summary #GM-582, dated November 10, 2011, noting that the Martha's Vineyard Airport Commission had approved the lease the prior week. Mr. Lamson stated that, under the lease, the base rent for the counter space and office space will be $1,757.41 per month, subject to annual Consumer Price Index adjustments in subsequent years, and the Commission will provide utilities and maintenance for all interior and exterior common areas. Mr. Lamson further stated that the new reservation office was expected to be in operation at its new location on January 2, 2012.

Mr. Hanover announced that he had been contacted by a tenant-at-will of the airport's internet café area, which will become part of the Authority's leased space, who asked if he could continue to sub-lease that area from the Authority. However, Mr. Lamson stated that the amount of space being rented by the Authority was extremely small and it was critical for the Authority to be able to use all of that space for its reservation operations.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to authorize the General Manager to enter into a five-year lease with the Martha's Vineyard Airport Commission for counter and office space at the Martha's Vineyard Airport terminal in substantially the form attached to Staff Summary #GM-582, dated November 10, 2011.

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

Proposed Hyannis Terminal Improvements:

Mr. Lamson then asked the Members for authorization to proceed with engineering and design service, permitting and an invitation for bids to make improvements to the high-speed ferry luggage and passenger operations at the Authority's Hyannis terminal. Mr. Lamson noted that management's plans included extending the high-speed ferry pier along the south side of the vehicle staging area, installing a luggage ramp for the floating pier to the extended luggage pier, and installing a new passenger unloading system from the aft upper deck of the *M/V Iyanough*. Mr. Lamson stated that the extended luggage pier and ramp will allow the vessel crew and terminal employees to unload luggage cars straight off the vessel, decreasing passenger waiting time to unload. In addition, Mr. Lamson said, the extended luggage pier will provide a needed staging area for passengers to collect their baggage without conflicting with passenger loading and vehicle loading operations.

Mr. Lamson stated that the new luggage ramp and the extension of the luggage pier would create 1,525 additional square feet of wharf space at an estimated cost of $254,000. The new passenger unloading ramp, Mr. Lamson said, was estimated to cost $73,000, taking into account some of the materials the Authority already has on hand for the project, and would require a variance from the Architectural Access Board. Mr. Lamson also noted that the Port Council had voted earlier that month to recommend that the Authority proceed with these improvements.

However, Mr. Marshall questioned whether the Authority should spend more than $300,000 for improvements that would not even improve the *M/V Iyanough's* operating schedule. But Mr. Lamson stated that the vessel's turnaround times were very tight, sometimes only fifteen minutes long, and the improvements would help the Authority make certain that it can unload and load both passengers and their luggage during those short time periods.

Mr. Ranney then asked whether management had seriously considered side loading passengers where the vessel's water connection is located. In response, Mr. Lamson stated that that option had been considered, but there was not enough room at that location because the slope from the vessel to the dock would require an extremely long gangway.

Although he said he understood how the vessel unloading efficiencies would be improved by taking luggage carts straight off the bow, Mr. Hanover expressed his concern that the stern unloading platform would result in passengers disembarking the vessel mixing into customers waiting in line to board the vessel for its next trip. However, Mr. Rozum noted that the people waiting in line would be positioned under the passenger shelter, while those disembarking the vessel would end up outside of it. Nevertheless, Mr. Ranney stated that he did not know how the Authority could avoid mass confusion at that location, and Mr. Marshall suggested that it might be better to spend only $20 for a sign asking people to be patient. But Mr. Tierney recounted how he had seen the vessel's unloading and loading process at the Hyannis terminal in peak season, and he stated that he agreed that the improvements were a good idea.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to authorize the General Manager to proceed with engineering and design service, permitting and an invitation for bids to make improvements to the high-speed ferry luggage and passenger operations at the Authority's Hyannis terminal, as recommended by management in Staff Summary #E 2011-31, dated November 8, 2011.

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

Renewal of the Nantucket Super Saver Auto Rate Program:

Mr. Lamson asked the Members to approve the renewal of the Authority's Nantucket Super Saver Auto Rate program for 2012, recounting how the program, which was initially approved in March 2010, provides discounted auto fares on certain underutilized trips throughout the year on the Nantucket route in order to increase the overall utilization of available deck space by offering a discount on off-peak trips to customers with flexible travel plans. Mr. Lamson stated that, to date, the program appears to have attracted some new customers and to have induced other customers to travel at less popular times, but that it also appears that certain Super Saver customers would have travelled anyway on the trips where the Super Saver spaces were allocated. Despite these mixed results, Mr. Lamson said, management was recommending that the program be renewed for 2012 on the same terms and conditions that were in effect for 2011, and the Port Council had voted earlier that month to support that recommendation.

Mr. Ranney stated that he supported renewing the program, observing that the Authority was not losing any money and that it provided a customer service. However, Mr. Marshall asked if any changes could be made to improve the program, such as reducing the price even more to attract customers to take the late night trips in order to open up more spaces during the day that would be filled by customers paying the standard fare. But Mr. Jones declared that the assumption that the Authority's vessels were sailing full during the day was not correct and that the program was losing the Authority money because there already are spaces available during the day that could be sold at the standard fare. Mr. Jones also observed that most of the Authority's customers were going to travel regardless of the price, and that the Authority will never know what inspires people to travel on a late night trip.

After Mr. Ranney suggested that the program could be promoted better next year, Mr. Huss observed that the program was adopted for seasonal Nantucket residents who are not eligible for automobile excursion rates and only travel with the Authority once or twice a year. Mr. Huss stated that the idea was to get those seasonal residents to travel more often, and the Authority did not know whether or not that was happening.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the renewal of the Nantucket Super Saver Auto Rate program for 2012 on the same terms and conditions that were in effect in 2011, as recommended by management in Staff Summary #GM-583, dated November 7, 2011.

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

2012 Capital Budget:

Mr. Davis then asked the Members for approval of management's proposed 2012 Capital Budget, which included five new capital projects (plus miscellaneous projects costing less than $50,000 each) with an aggregated estimated cost of $1,440,000. Mr. Davis stated that, as of September 30, 2011, the Authority had $9,000,000 available for capital projects with estimated additional fund transfers in 2011 of $8,750,000, of which $6,000,000 will be in the form of a bond issue. Mr. Davis also reported that the Authority's current capital project commitments totaled $13,920,000 (including the *M/V Eagle* mid-life refurbishment project and the final land acquisition on Thomas B. Landers Road) and that, after the completion of the current and proposed new projects, the Authority should still have around $2,100,000 for contingencies and potential additional capital projects in its various special purpose funds, not including $5,000,000 that is also projected to be transferred into those funds during the latter half of 2012.

Mr. Davis stated that the five new proposed capital projects were:

(a) Palmer Avenue parking lot improvements (with an estimated cost of $425,000);

(b) Server and storage replacements (with an estimated cost of $234,000);

(c) Network upgrades (with an estimated cost of $183,000);

(d) Web server upgrade (with an estimated cost of $178,000); and

(e) Two new shuttle buses for the Hyannis terminal operations (with an estimated cost of $220,000).

Mr. Davis also reported that management had developed a five-year Capital Improvement Plan for the years 2013 through 2017, which included estimates for anticipated projects, the projected sources of funds for those projects, and what would then be the remaining available bond authorization. Mr. Davis noted that the plan assumes that the Authority will not receive any federal or state funding for any of those projects.

In response to a question from Mr. Marshall, Mr. Davis stated that two years ago the Authority had awarded a contract for the purchase of shuttle buses that contains options by the Authority to purchase additional buses at a very attractive price. Mr. Davis also stated that the option price available to the Authority is better than the price the Authority would have to pay if it bought similar buses under a state contract.

Also in response to a question from Mr. Marshall, Mr. Lamson stated that, in January 2012, management intended to discuss with the Port Council the options that might be available to the Authority to have a new freight vessel by 2014. Mr. Lamson noted that the Authority might decide to construct a new freight boat to replace the *M/V Governor*, or it might convert the *M/V Nantucket* to a freight vessel, or it might acquire an existing supply vessel and make modifications to it. Mr. Marshall asked Mr. Lamson to make certain that any analysis about the acquisition of a new freight vessel consider having the Authority provide freight service from New Bedford, and Mr. Tierney echoed that request.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the 2012 Capital Budget as proposed by management in Staff Summary #A-535, dated November 8, 2011.

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

Roof Replacement for the 228 Palmer Avenue Parking Lot Building:

Mr. Lamson then asked the Members to award Contract No. 23-11 for the Roof Replacement at the 228 Palmer Avenue Parking Lot Building to KelKor Inc. of New Bedford, Massachusetts, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $14,741. Mr. Lamson stated that the contractor will be required to remove the roof's existing shingles and install a new roofing system in accordance with the specifications. In response to a question from the Members, Mr. Walker stated that the lower bid of $12,500 submitted by Plan B Construction Co. of Barrington, Rhode Island, had been rejected because that bidder had not been in business for three years as required by the invitation for bids.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to award Contract #23-11 for Roof Replacement for the 228 Palmer Avenue Parking Lot Building to the lowest eligible and responsible bidder for the contract, KelKor Inc. of New Bedford, Massachusetts, for the Total Contract Price of $14,741, as recommended in Staff Summary #E 2011-25, dated November 8, 2011.

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

Vineyard Haven Dolphin Replacement:

Mr. Lamson informed the Members that, pursuant to the authorization they had given him the prior month, he had awarded Contract No. 26-11 for the replacement of the Slip #2, approach dolphin #2, at the Vineyard Haven terminal to AGM Marine Contractors, Inc. of Mashpee, Massachusetts, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $323,000. In response to questions from the Members, Mr. Walker stated that the existing dolphin was falling apart and that the contract work had been accelerated to be completed by the end of this year.

Nantucket Terminal Fast Ferry Passenger Ramp Modifications:

Mr. Lamson then informed the Members that, pursuant to the authorization they had given him the prior month, he had awarded Contract No. 27-11 for the Nantucket terminal fast ferry passenger ramp modifications to New England Spec., Inc. of Plymouth, Massachusetts, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $17,420. Observing that New England Spec.'s bid was substantially lower than the only other bid received for the contract, Mr. Lamson noted that the principal reason for this difference in price was the fact that New England Spec. is already at the Nantucket terminal performing another contract for the Authority.

Hyannis Terminal Automatic Door Replacement:

Mr. Lamson then informed the Members that, pursuant to the authorization they had given him the prior month, he had awarded Contract No. 28-11 for the replacement of the Hyannis terminal automatic door to Door Concepts Inc. of Londonderry, New Hampshire, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $13,990.

Supply and Deliver One Caterpillar C-12 Bow Thruster Engine:

Mr. Lamson then asked the Members to award Contract No. 29-11 for a new Caterpillar C-12 Bow Thruster Engine to C.P. Brodeur of New Bedford, Massachusetts, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $46,640. In response to questions from the Members, Mr. Walker stated that the engine will be installed on the *M/V Eagle* during is mid-life refurbishment as owner-furnished equipment, and that the engine's increased horsepower compared to that of the vessel's current bow thruster engine will improve the vessel's maneuvering ability.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to award Contract #29-11 for the Supply and Delivery of One Caterpillar C-12 Bow Thruster Engine to the lowest eligible and responsible bidder for the contract, C.P. Brodeur, Inc. of New Bedford, Massachusetts, for the Total Contract Price of $46,640, as recommended in Staff Summary #E 2011-30, dated November 8, 2011.

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

Fairhaven Maintenance Facility Pile Replacement:

Mr. Lamson then requested authorization from the Members to award Contract No. 30-11 for the Fairhaven Maintenance Facility pile replacement to the lowest eligible and responsible bidder for the contract after bids are opened on November 18, 2011. Mr. Lamson noted that the contract will require the contractor to replace seven wooden CCA treated piles that have been damaged and need replacement with Greenheart piles.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Hanover -- to authorize the General Manager to award Contract #30-11 for the Fairhaven Maintenance Facility Pile Replacement to the lowest eligible and responsible bidder for the contract after bids for the contract are opened on November 18, 2011, as recommended in Staff Summary #E 2011-29, dated November 8, 2011.

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

Port Council's Report:

Mr. Balco reported that, at their meeting earlier that month, the Port Council had discussed the various license renewals that the Members had approved earlier this day, as well as the Nantucket SuperSaver rates and the proposed 2012 Capital Budget, as to which Mr. Balco stated there should be given some consideration to increasing the Authority's bond limit to provide more flexibility in meeting the Authority's long term capital needs. Mr. Balco also reported that the Port Council had reviewed a revised version of management's proposed procurement policies, and had asked management to consider changes to one provision of those proposed policies to address certain concerns that had been raised by the Port Council.

Presentation of a Steam Whistle for Use on the *M/V Martha's Vineyard*:

Mr. Ranney presented to Mr. Hanover an 1877 eight-inch three-chime bronze steam whistle manufactured by the Crosby Steam Gage and Valve Company of Boston, Massachusetts for installation and use on the *M/V Martha's Vineyard*. Mr. Ranney declared that the whistle was being offered as a token of the great respect, affection and friendship that the whistle blowers on the island of Nantucket have for those on their sister island of Martha's Vineyard. Mr. Marshall complimented and thanked Mr. Ranney for the gift, saying that the whistle will sound great coming out of New Bedford harbor.

M/V Martha's Vineyard Dry-dock and Overhaul Contract:

In response to a question from Mr. Hanover, Mr. Walker stated that Colonna's Shipyard pretty much did what it was told to do with respect to the recent dry-dock and overhaul contract for the *M/V Martha's Vineyard*. While Mr. Walker stated that there had been an issue with Colonna's about the scope of work for the freight deck sprinkler piping, he had negotiated a settlement of that change order. Mr. Walker also reported that a number of other change orders had been approved by the Authority's representative at the shipyard. Mr. Walker observed that the HVAC system is a good system, even though one unit is leaking and spilled some water on a passenger, and that in general all of the systems are operational.

The Authority's Relationships with Local Banks:

Mr. Hanover recounted how, at their meeting in July 2011, the Members had asked management to look into developing banking relationships with community banks instead of the larger national and international banks with which the Authority currently does business, and observed that since then the situation facing the European banks has only gotten worse and MF Global is now not even able to find $600,000,000 of its customers' money. Mr. Hanover declared he wanted this subject placed on the agenda for the Authority's next meeting because the Members needed a response to this request and waiting four months for such a response was too long.

Mr. Lamson apologized for the delay, and then Mr. Davis apologized as well, saying that this matter was his responsibility. Mr. Davis also stated that he was investigating both the Authority's credit card processing and deposit relationships and that, meanwhile, the Authority did have an irrevocable letter of credit from Sovereign Bank with the Federal Reserve that covers up to $2,000,000 of deposits with that bank.

Open Meeting Law Remote Participation Regulations:

Mr. O'Brien then announced that the Massachusetts Attorney General had recently issued regulations that will allow Members to participate in the Authority's meetings remotely if the Members vote to authorize such remote participation. Mr. Sayers stated that he would look into this matter and have a recommendation for the Members' consideration at their next meeting.

Public Comment:

Falmouth and Martha's Vineyard resident Richard Sherman asked why the public address announcements on the Authority's vessels state that once passengers board a vessel they cannot get off until they reach their destination, observing that the only way passengers could get off a vessel before they reach the other side of Vineyard Sound would be to go into the water. Mr. Lamson explained that once passengers board a vessel they cannot get off of it even before the vessel departs because of the security risk posed by unaccompanied luggage.

At approximately 10:59 a.m., Mr. Marshall 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. Marshall also announced that, with respect to collective bargaining, the subjects of discussion included the Authority's negotiations with the Licensed Officers and Maritime Workers Union and that, with respect to real estate matters, the subjects of discussion included the proposed land swap with the Town of Falmouth of properties located on Research Road. After Mr. Marshall stated that the public disclosure of any more information with respect to these and other subjects would compromise the purpose for which the executive session was being called, he 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 deployment of security personnel and devices, and the purchase, exchange, lease and value of real estate.

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

A TRUE RECORD

H. FLINT RANNEY, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

December 20, 2011

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 20th day of December, 2011, beginning at 9:34 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 Robert S. Marshall of Falmouth; Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County.

Port Council Chairman George J. Balco of Tisbury, Port Council Secretary Frank J. Rezendes, and Port Council member Robert R. Jones of Barnstable were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Director of Information Technologies Mary T.H. Claffey; Director of Engineering and Maintenance Carl R. Walker; Director of Terminal and Parking Operations Mark K. Rozum; Director of Marketing Kimberlee McHugh; Reservations and Community Relations Manager Gina Barboza; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Tierney -- to approve the minutes of the Members' meeting in public session on November 15, 2011 with the correction of one typographical error on page 15 thereof.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for October 2011, 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 (down 1.2%), more automobiles (up 2.1%) and fewer trucks (down 0.6%) during the month than it had carried during the same month in 2010. Mr. Lamson also reported that the Authority's operating revenues for the month were $373,000 higher than what had been projected, and that the Authority's operating expenses for the month were $251,000 higher than projected, primarily due to higher vessel and terminal maintenance expenses. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $155,000, $121,000 lower than projected.

Mr. Lamson then reported that, for the first ten months of 2011, the Authority's operating revenues had been $478,000 lower than projected, that its operating expenses had been around $1,873,000 lower than projected primarily due to lower-than-projected maintenance expenses and health claims, and that, as a result, the Authority's net operating income for the first ten months of 2011 had been around $10,418,000, approximately $1,395,000 higher than projected.

In response to a question from Mr. Marshall, Mr. Davis stated that the Authority's net operating income for the year would decrease by approximately $2,500,000 during November 2011 and by another $4,000,000 to $5,000,000 during December 2011, resulting in a net operating income for the year of around $3,500,000 to $4,000,000.

Procurement Policy:

Mr. Sayers then reviewed with the Members revisions that management was proposing be made to the Authority's Procurement Policy, as set forth in Staff Summary #L-404, dated December 13, 2011. Mr. Sayers noted that the proposed revisions included the following:

(a) allowing the Authority to award contracts for non-construction supplies and services, as well as vessel construction contracts, estimated to cost less than $25,000 through the solicitation of three competitive quotations instead of issuing formal invitations for bids;

(b) incorporating into the Procurement Policy many other statutory obligations the Authority has with respect to its building and public work construction contracts, such as the requirement for those contractors to pay prevailing wage rates and to obtain workers compensation insurance; and

(c) authorizing the General Manager to award any contract in the amount of less than $100,000 that is otherwise awarded in accordance with the Procurement Policy, whether or not funds for the contract already have been provided for in the Authority's operating budget or capital budget, and any other contract in an amount less than $500,000 that is otherwise awarded in accordance with the Procurement Policy, provided that the procurement already has been included in the Authority's operating budget or capital budget and the amount of the contract does not exceed the budgeted amount by more than $25,000 or fifty percent (50%), whichever is greater. Mr. Sayers pointed out, however, that management's proposed revisions still included monthly reports to the Members and the Port Council describing all contracts in the amount of $25,000 or more that have been awarded, as well as all contracts previously awarded whose amounts have increased by $25,000 or more since the date of the last report.

Nevertheless, all of the Members questioned management's proposed revision to the Procurement Policy that would authorize the General Manager to award contracts in amounts up to $500,000 without a vote by the Members. Mr. Hanover stated that, while he found Mr. Lamson to be above reproach, he did not know who the Authority's next General Manager might be, that he felt the proposed $500,000 limit was excessive, and that he believed the Members should be consulted and informed of such contracts. On the other hand, after confirming with Mr. Sayers that the Members could provide this authorization for only a year at a time, Mr. Marshall stated that he was comfortable doing so with the management and Members who were then in place.

After noting that he was the only Port Council member who had objected to this proposed authorization when the matter was discussed by the Port Council at their meeting earlier in the month, Mr. Jones declared that the Members could not predict who the General Manager would be in the future after they vote to authorize the General Manager to award such large contracts. Mr. Balco also noted that management's first proposal was to revise the Procurement Policy to authorize the General Manager to award contracts up to $1,000,000, but all of the Port Council members had expressed reservations about that amount, which prompted management to come back with the $500,000 figure.

Mr. Ranney stated that he agreed with Mr. Hanover's position even though he similarly had no concern about the General Manager who was currently in place, and Mr. Hanover noted that Mr. Lamson consistently explains to the Members the proposed scope and relative cost of each contract. Mr. Marshall then asked why management was proposing this change, saying that, as far as he knew, the need for the Members to award a contract had never resulted in any delay of any project. In response, Mr. Lamson stated that it has been difficult at times for management to schedule the issuance of invitations for bids so that contracts can promptly be awarded by the Members at their meetings. Nevertheless, Mr. Ranney stated that he liked the idea of the Members continuing to be involved in the award of such contracts, observing that it was part of the Members' performance of their fiduciary responsibilities to the Authority.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to adopt the revised Procurement Policy in the form proposed by management and attached to Staff Summary #L-404, dated December 13, 2011, with the exception of Section 2(b)(2) of Part F of Chapter I of the proposed policy, which shall not be included in the revised Procurement Policy.

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

Mr. Lamson then noted that there were two legislative changes that the Authority needed to pursue, namely, increasing the $10,000 threshold for public works construction contracts that have to be awarded pursuant to invitations for bids, and providing for a reasonable threshold for construction contracts that require contractors to pay prevailing wage rates. Mr. Lamson noted that currently there was no minimum amount for construction contracts that require contractors to pay prevailing wage rates, and that this had caused a contractor for the Authority to increase its price from $300 to $1,200 for a project when it was informed that it would have to pay prevailing wage rates.

Preferred Space Reservation Policies and Procedures:

Mr. Lamson then asked the Members to approve a change in the times that Preferred Space reservations go on sale each day. Mr. Lamson reported that Preferred Space reservations for the Martha's Vineyard route currently go on sale at 8:00 a.m. and that management was proposing to change that time to 7:30 a.m. in order to reduce the congestion at the Vineyard Haven terminal that is created by customers waiting to buy reservations while other customers are trying to buy passenger and vehicle tickets for the ferry leaving there at 8:15 a.m. However, Mr. Lamson said, if the Authority were to make this change, the hours for both the Authority's Mashpee and Martha's Vineyard Reservation Offices would also have to be changed so that they similarly open for business at 7:30 a.m. instead of 8:00 a.m. (which means that they would then close each day at 4:00 p.m. instead of 4:30 p.m.).

Mr. Lamson then reported that Preferred Space for the Nantucket route currently go on sale at 7:30 a.m. and are sold only at the Nantucket terminal. Mr. Lamson stated that management was proposing to change that time to 7:00 a.m. because customers often arrive early at the terminal to buy the Preferred Space reservations due to the fact that there is such a limited number of them (six) available each day, and that this change would reduce the amount of time the customers have to wait. Mr. Lamson also noted that, after discussing this with the Port Council, management had agreed to propose to change the time to 6:45 a.m., but had since talked with the Nantucket Terminal Manager who requested that it be changed to 7:00 a.m. instead.

Mr. Hanover asked that the matter be tabled to allow the Authority to obtain more input from the public, observing that such a change could create other issues for people that the Authority had not considered. Mr. Ranney agreed that the matter should be tabled with respect to Preferred Space reservations for the Martha's Vineyard route, but he asked that the Members vote to change the time that Preferred Space reservations go on sale for the Nantucket Route from 7:30 a.m. to 6:45 a.m. effective immediately, observing that it was ridiculous to require customers to wait an additional 45 minutes to buy their reservations.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to change the start time that Preferred Space reservations for the Nantucket route go on sale each day from 7:30 a.m. to 6:45 a.m., effective immediately.

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

Later in the meeting, Mr. Hanover asked how many Preferred Space reservations are allocated for the Martha's Vineyard route on a daily basis. In response, Ms. Barboza stated that, during the summer, there were 140 spaces allocated going off-island and 120 spaces allocated returning to the island, and that during the off-season there were 80 spaces allocated going off-island and 70 spaces allocated returning to the island. Mr. Hanover asked Mr. Lamson if management could review how the Preferred Spaces have been used and report back to the Members within a few months with a recommendation as to whether any of those allocations should be adjusted.

Tisbury Park and Ride Agreement:

Mr. Lamson then asked the Members to approve the renewal of the Authority's agreement with the Town of Tisbury and the Martha's Vineyard Regional Transit Authority (VTA) to continue providing the shuttle service between the Tisbury Park 'n Ride parking lot and the Authority's Vineyard Haven terminal during the 2012 calendar year. Mr. Lamson noted that the VTA shuttle van leaves the parking lot 15 minutes before each vessel's scheduled departure and meets each vessel's scheduled arrival, and that the Authority reimburses the VTA for 50% of the direct labor and fuel costs attributable to the service plus $200 per month to cover maintenance, insurance and other indirect costs. This past year, Mr. Lamson said, the Authority paid the VTA a little more than $71,000 under the agreement and the service was used by almost 105,000 passengers. Mr. Hanover declared that he similarly supported renewing the agreement, observing that it allowed the VTA to provide a great service that had grown substantially over the years.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve and authorize the General Manager to execute a new one-year agreement with the Town of Tisbury and the Martha's Vineyard Transit Authority in substantially the form attached to Staff Summary #GM-584, dated December 14, 2011.

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

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

Mr. Lamson then asked the Members to approve the renewal of the Authority's transportation agreement with the Martha's Vineyard Regional High School District for school-related approved transportation for the period from July 1, 2012 through June 30, 2013. Mr. Lamson recounted how the Authority enters into the agreement every 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). Mr. Lamson further noted that the fixed price is intended to reflect around a 50% discount over the Authority's applicable tariff rates and that last year's agreement had established a fixed price of $60,000, which reflected approximately a 50% discount over applicable tariff rates. Mr. Lamson stated that management was recommending that the fixed price under the new agreement remain at $60,000, as no passenger fare adjustments were approved for the 2012 calendar year.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- 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, 2012 through June 30, 2013, as recommended by management in Staff Summary #A-536, dated December 14, 2011.

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

Sale of $6,000,000 Steamship Bonds:

Mr. Davis then reported that, on November 29, 2011, the Authority had received six bids for its sale of $6,000,000 Steamship Bonds, that the bonds had been awarded to J.P. Morgan Securities LLC of New York based on its offer to purchase all of the bonds at the lowest true interest cost of $1.734%, and that the closing had been held on December 13, 2011. Mr. Davis also noted that the Authority currently has $63,185,000 of outstanding bonds, including these most recently issued bonds, and that its maximum bond authorization is $75,000,000.

Treasurer's Report:

Mr. Davis then reported that, for the month of November 2011, the Authority had carried more passengers (up 3.7%), more automobiles (up 3.1%) and fewer trucks (down 0.7%) than it had carried during the same month in 2010, and that its net operating loss for the month was expected to be around $2,600,000, approximately $100,000 greater than what had been budgeted for the month.

Fairhaven Maintenance Facility Pile Replacement:

Mr. Lamson informed the Members that, pursuant to the authorization they had given him the prior month, he had awarded Contract No. 30-11 for the Fairhaven Maintenance Facility Pile Replacement to Linberg Marine, Inc. of Fairhaven, Massachusetts, who was the lowest eligible and responsible bidder for the contract, for a total contract price of $23,440. Mr. Lamson stated that the contractor had begun replacing the piles on December 12, 2011 and that the work was anticipated to be completed by December 23, 2011.

Supply and Delivery of Three
Marine Doors for the *M/V Eagle*:

Mr. Lamson then informed the Members that, under the Authority's revised Procurement Policy that had just been approved by the Members, he would be awarding Contract No. 31-11 for the delivery of three marine doors for the *M/V Eagle* to Pacific Coast Marine, Industries, Inc. of Everett, Washington, the lowest eligible and responsible bidder for the contract, for a total contract price of $22,100. In response to a question from Mr. Ranney, Mr. Walker stated that the three doors to be delivered under the contract are the vessel's sideloading doors where the passenger gangways are used and the access doors to the forward part of the deck. Mr. Walker also stated that Pacific Coast Marine Industries had forgotten to include the cost of one of the three doors in its bid but would be supplying all three doors for the total contract price.

Spare Parts for Two MTU Diesel Propulsion Engines:

Mr. Lamson then asked the Members to award Contract No. 32-11 for the Delivery of Spare Parts for Two MTU 12V4000M70 Diesel Propulsion Engines to New England Detroit Diesel Allison of Wakefield, Massachusetts, the lowest eligible and responsible bidder for the contract, for a total contract price of $416,232.26. In response to questions from the Members, Mr. Walker stated that the four MTU 12V4000M70 diesel propulsion engines aboard the *M/V Iyanough* will have accumulated slightly more than the recommended running hours for a major overhaul by at the end of the vessel's 2012 operating season. Mr. Walker stated that, because the overhaul of these engines involves the removal of the engine room hatch covers, removal of the engines from the vessel, the complete overhaul of each engine in a shop, and re-installation of the engines and hatch covers, it is not feasible to overhaul all four engines in one repair period. Therefore, Mr. Walker said, two engines will be overhauled during the upcoming 2012 overhaul period and the other two engines will be overhauled during the 2013 overhaul period. Mr. Walker also stated that the Authority's own Maintenance staff at the Fairhaven Maintenance Facility will perform this work with the assistance of an MTU certified technician.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to award Contract No. 32-11 for the Supply and Delivery of Spare Parts for Two MTU 12V4000M70 Diesel Propulsion Engines to the lowest eligible and responsible bidder for the contract, New England Detroit Diesel Allison of Wakefield, Massachusetts, for a Total Contract Price of $416,232.26, as recommended by management in Staff Summary #E 2011-53, dated December 14, 2011.

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

Contract for Marine Diesel Fuel,
Home Heating Fuel and Bio-Diesel Fuel:

Mr. Lamson then asked the Members to award one of the two-year contracts under Contract No. 33-11 for the supply of ultra-low sulfur dyed diesel fuel suitable for marine service to the lowest eligible and responsible bidder for that contract, Dennis K. Burke Inc. ("Burke") of Chelsea, Massachusetts, who submitted a bid to provide the fuel at a mark-up of $0.051 per gallon, and the other two-year contract for home heating fuel and bio-diesel fuel for the Authority's buses to the lowest eligible and responsible bidder for that contract, Canal Fuel Co. of Sagamore, Massachusetts, who offered to provide both of those fuels at a mark-up of $0.1485 per gallon.

In response to questions from the Members, Mr. Lamson stated that Canal Fuel had been the supplier of the Authority's vessel fuel oil since 2000 and had always provided excellent service. However, because Burke was the lowest eligible and responsible bidder for that contract, the Authority had no option but to award the contract to Burke even though the difference between the two bids was only $0.0035 per gallon. Mr. Lamson also stated that Burke was a fairly sizable firm that could be relied upon to fulfill its obligations under the contract, although he was not aware of any terminals that Burke had close to Cape Cod.

Mr. Hanover stated that he hated to see the Authority change suppliers due to an annual price difference of less than $10,000 per year when Canal had treated the Authority so well for many years, and he asked Mr. Lamson to send Canal a letter thanking it for its service and expressing the Authority's hope that it will bid on an Authority fuel contract again in the future.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to award one of the two-year contracts under Contract No. 33-11 for the supply of ultra-low sulfur dyed diesel fuel suitable for marine service to the lowest eligible and responsible bidder for that contract, Dennis K. Burke Inc. ("Burke") of Chelsea, Massachusetts, and the other two-year contract for home heating fuel and bio-diesel fuel for the Authority's buses to the lowest eligible and responsible bidder for that contract, Canal Fuel Co. of Sagamore, Massachusetts, as recommended by management in Staff Summary #A-538, dated December 19, 2011.

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

Automated Teller Machines:

Mr. Davis then asked the Members to award a five-year contract for the installation, maintenance and servicing of automated teller machines (ATMs) at the Authority's Woods Hole, Hyannis and Nantucket terminals to Cape Cod Five Cents Savings Bank, who will pay the Authority $34,440 a year to have its ATMs at those three locations, and a separate five-year contract for the installation, maintenance and servicing of ATMs at the Authority's Vineyard Haven and Oak Bluffs terminals to Martha's Vineyard Savings Bank, who will pay the Authority $14,300 to have its ATMs at those two locations.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award one of the two five-year contracts under Contract No. 34-11 to install, maintain and service automated teller machines (ATMs) to Cape Cod Five Cents Savings Bank for the Woods Hole terminal at a fixed rate compensation of $25,800 per year, the Nantucket terminal at a fixed rate compensation of $3,720 per year, and the Hyannis terminal at a fixed rate compensation of $4,920 per year; and the other five-year contract to Martha's Vineyard Savings Bank for the Vineyard Haven terminal at a fixed rate compensation of $13,100 per year and the Oak Bluffs terminal at a fixed rate compensation of $1,200 per year, as recommended by management in Staff Summary #A-539, dated December 19, 2011.

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

Request for Proposals for Banking Services:

Mr. Davis then informed the Members that he had issued a request for proposals from qualified financial institutions to provide the Authority with banking services pursuant to which proponents will be required to demonstrate the ability to provide the Authority with the full range of banking services and they must meet all of the Authority's minimum criteria. Mr. Davis stated that the proposals were currently scheduled to be submitted on December 28, 2011, although management had received a request to postpone that deadline, and that they would then be evaluated with results presented to the Port Council and the Members at their January 2012 meetings.

Port Council's Report:

Mr. Balco reported that, at their meeting earlier that month, the Port Council had spent a considerable amount of time discussing management's proposed revisions to the Authority's Procurement Policy, the renewal of the Authority's agreement for the Tisbury Park and Ride, and management's proposed changes to when Preferred Space reservations would go on sale (as to which the Port Council had recommended approval with the suggestion that a lot of notice of the change in time first be given to island residents), and had voted to allow remote participation at Port Council meetings. Mr. Balso also reported that he had been at the Authority's new reservation office when it had opened at the Martha's Vineyard Airport yesterday, and that several members of the Authority's management had been there supervising. Finally, Mr. Balco reported that the Port Council had elected its officers for the 2012 calendar as follows: Falmouth Port Council member S. Eric Asendorf as Chairman; Barnstable Port Council member Robert R. Jones as Vice Chairman; and himself as Secretary. Mr. Hanover then thanked all of the Port Council members for the excellent job they consistently perform for the Authority.

Remote Participation in Authority Meetings:

Mr. Sayers then asked the Members to vote to allow remote participation in Authority meetings by the Members in accordance with the requirements of regulations recently issued by the Office of the Attorney General. Mr. Sayers stated that, assuming the Members so voted, if a quorum of the Members is physically present at a meeting, a Member who is physically absent will be able to participate remotely (for example, by telephone conference call) when the

Chairman determines that the Member's physical attendance is unreasonably difficult due to personal illness or disability, an emergency, military service or geographic distance. Also, Mr. Sayers said, the Member who is physically absent will not be deemed absent for purposes of the meeting and will be able to vote remotely as well.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to allow remote participation in accordance with the requirements of 940 CMR 29.10, as such regulations may be amended from time to time, with their vote applying to all subsequent meetings of the Authority and its subcommittees, and to determine that all media that are acceptable methods for remote participation under the regulations may be used by the Members, as recommended by management in Staff Summary #L-403, dated December 12, 2011.

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

Election of Officers:

Mr. Marshall announced that, in accordance with the Authority's Enabling Act, John A. Tierney, as the Authority's New Bedford Member, automatically will become the Authority's Chairman for the year 2012, and he then entertained motions for the election of the remainder of the Authority's officers for the upcoming year.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Tierney -- to elect H. Flint Ranney to serve as the Authority's Vice Chairman for the year 2012.

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

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to elect Robert L. O'Brien to serve as the Authority's Secretary for the year 2012.

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

2012 Authority Meeting Schedule:

Mr. Tierney stated that it was his understanding that the Authority's January 2012 meeting was going to be on January 31, not January 24; that there would be no February 2012 meeting; and that the September 2012 meeting would be on the fourth Tuesday of the month instead of the third Tuesday because of Rosh Hashanah.

Public Comment:

Falmouth Academy Headmaster David Faust thanked the Members for the Authority's work with the 23 families who commute on a daily basis to his school, and for the Authority's response to his request earlier in the year for a new method to make their travel affordable, which he said has worked very efficiently. In response, Mr. Hanover noted that Falmouth Academy students are always very well behaved whenever he sees them on the Authority's boats.

Nantucket resident Sarah Alger, who introduced herself as the wife of Authority employee Bruce Malenfant and an attorney (although she stated that she was not there as an attorney that day), stated that Mr. Malenfant had wanted to be there that day but was unable to attend and that she was there because they had seen that the agenda of the Authority's meeting in executive session included discussion of potential litigation against Mr. Malenfant to recover the *SS Martha's Vineyard's* whistle. Ms. Alger stated that Mr. Malenfant had been questioned about this matter, although it had nothing to do with his job at the Authority, and that the recent newspaper article about the whistle had been exceptionally embarrassing.

Ms. Alger also stated that she wanted to bring certain facts before the Members that they might not hear from Authority employees because they are afraid of reprisal. Ms. Alger then recounted how Mr. Malenfant's father had worked in the Authority's Maintenance Department from 1968 to 1986, that management employees had attended his retirement party, which had been at the Landfall Restaurant, and that at the party he had been presented with a steamship whistle and a plaque. Ms. Alger further stated that this party had not been the first of its kind and that there had been other retirement parties of which the Authority's management was completely aware. Indeed, Ms. Alger said, the Authority had a formal retirement committee to organize retirement parties of this kind. Ms. Alger then stated that there was also substantial precedent for gifts of this kind, which were considered junk and of no value (including an old telegraph machine), and that at the time it was understood that management had the authority to give these gifts.

Ms. Alger then stated that she and Mr. Malenfant did not believe that the steamship whistle that had been given to Mr. Malenfant's father was from the *SS Martha's Vineyard* because they had no reason to doubt Mr. Ranney's statement that the *SS Martha's Vineyard's* whistle had been presented to the Authority in 1993 (after 1986, when Mr. Malenfant's father had received his whistle) and that the whistle in Mr. Malenfant's possession is a completely different whistle than the whistle that was on the *SS Nobska*, a sister ship to the *SS Martha's Vineyard*, and which is now on the *M/V Eagle*.

In response, Mr. Ranney declared that he had many things to say, but primarily he felt that this matter had been mishandled from the very beginning. Mr. Ranney also noted that he had not said that the *SS Martha's Vineyard's* whistle had been presented to the Authority at a ceremony in 1993, and that the person with whom he spoke at the Bridgeport-Port Jefferson ferry did not remember the ceremony where the presentation was made. Mr. Ranney further stated that he was embarrassed that Mr. Malenfant feels that he has been threatened and he agreed that the whistle in Mr. Malenfant's possession did not appear to be from the *SS Martha's Vineyard* because it is entirely different from the whistle that was on the *SS Nobska*, which was the sister ship of the *SS Martha's Vineyard*. Finally, Mr. Ranney said, there was no way that he was going to vote for a lawsuit against Mr. Malenfant.

Mr. Hanover stated that he took exception to Ms. Alger's statement that anyone had been threatened by the Authority's management team, noting that he had not seen any conduct of that type during the entire nine years that he has been here.

Mr. Lamson thanked everyone who worked to bring the *M/V Iyanough* back into service so quickly after it had been damaged the Wednesday before Thanksgiving, saying that he was particularly proud of the management staff. Mr. Hanover commended Mr. Lamson for the result, observing that the staff's exceptional effort had become the standard rather than the exception, and he asked that a letter also be sent to Gladding-Hearn Shipbuilding to thank them for their work.

At approximately 11:01 a.m., Mr. Marshall 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. Marshall also announced that, with respect to collective bargaining, the subjects of discussion included the Authority's negotiations with the Licensed Officers and Maritime Workers Union and District No. 1 – Pacific Coast Division, MEBA; and that, with respect to pending and anticipated litigation matters, the subjects of discussion included potential litigation against Bruce Malenfant to recover the Steamship Martha's Vineyard whistle, potential litigation against Eugene and Roslyn Ratner to recover damages incurred in the allusion of the M/V Eagle, a proposed settlement of a claim of discrimination by Shauna Fullin, and a claim of discrimination by Esteban Vega. After Mr. Marshall stated that the public disclosure of any more information with respect to these and other subjects would compromise the purpose for which the executive session was being called, he announced that the Members would reconvene in public after the conclusion of the executive session to take whatever votes may be necessary that are required to be taken in public session.

IT WAS VOTED -- upon Mr. Hanover'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 deployment of security personnel and devices, and the purchase, exchange, lease and value of real estate.

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

At approximately 12:12 p.m., the Members reconvened their meeting in public session. All five Members were present: Chairman Robert S. Marshall of Falmouth; Vice Chairman John A. Tierney of New Bedford; Secretary H. Flint Ranney of Nantucket; Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County. Port Council Chairman George J. Balco of Tisbury, Port Council Vice Chairman S. Eric Asendorf of Falmouth, Port Council Secretary Frank J. Rezendes, 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 Terminal and Parking Operations Mark K. Rozum; and General Counsel Steven M. Sayers.

Discrimination Complaint by Shauna Fullin:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to authorize the General Manager to execute a First Settlement Agreement and General Release, as well as a Second Settlement Agreement and General Release, with Shauna Fullin settling her claims of discrimination against the Authority, as presented by management this day, and to take all necessary and appropriate actions to fulfill the Authority's obligations under those settlement agreements.

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

Then, at approximately 12:13 p.m., Mr. Marshall stated that he would entertain a motion to adjourn the meeting.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to adjourn the meeting.

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

A TRUE RECORD

H. FLINT RANNEY, Secretary