MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

January 31, 2012

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 31st day of January, 2012, beginning at 9:45 a.m., in the second floor conference room of the Authority's Woods Hole terminal, located at the Foot of Railroad Avenue, Woods Hole, Massachusetts. All five Members were present: Chairman John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket (who participated remotely by telephone conference call); Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Vice Chairman Robert R. Jones of Barnstable; Port Council Secretary George J. Balco of Tisbury, and Port Council members Frank J. Rezendes of Fairhaven, Edward C. Anthes-Washburn 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; Director of Marketing Kimberlee McHugh; Reservations and Community Relations Manager Gina Barboza; and General Counsel Steven M. Sayers.

Mr. Ranney's Remote Participation in the Meeting:

After recounting how the Members had voted the previous month to allow Members to participate remotely in Authority meetings in accordance with regulations recently issued by the Office of the Attorney General, Mr. Tierney announced that he had been notified by Mr. Ranney that he desired to participate remotely in this meeting because his geographic distance from Woods Hole made his physical attendance today unreasonably difficult. Mr. Tierney stated that he agreed with Mr. Ranney and that, as the Authority's Chairman, he had determined that Mr. Ranney's physical attendance today was unreasonably difficult due to his geographic distance from Woods Hole and, therefore, that he may participate remotely in this meeting. Mr. Tierney noted that Mr. Ranney will be doing so by a conference telephone call arranged by Ms. Claffey.

Mr. Tierney further announced that, as a result of Mr. Ranney's remote participation in this meeting, all votes taken by the Members shall be by roll call vote.

Mr. Marshall's Service as the Authority's Chairman in 2011:

On behalf of all of the Members, Mr. Tierney offered his congratulations and thanks to Mr. Marshall for the competent and efficient manner in which he managed the Authority as the Authority's Chairman in 2011.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on December 20, 2011 with the correction of one typographical error on page 16 thereof.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for November 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 3.7%), more automobiles (up 3.1%) and fewer trucks (down 0.7%) 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 $90,000 higher than what had been projected, and that the Authority's operating expenses for the month were $53,000 lower than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $2,320,000, which was $143,000 lower than projected.

Mr. Lamson then reported that, for the first eleven months of 2011, the Authority's operating revenues had been $388,000 lower than projected, that its operating expenses had been around $1,926,000 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 eleven months of 2011 had been around $8,098,000, which was $1,538,000 higher than projected. In response to a question from Mr. Marshall, Mr. Davis stated that, for the most part, the Authority met budget expectations for the month of December 2011 and that, as a result, he expected that the Authority's net income for 2011 will end up being a little higher than $4,000,000, around $1,500,000 higher than budgeted.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Walker stated that he did not have a lot to report with respect to the *M/V Eagle* Mid-Life Refurbishment Project, and that Thames Shipyard had completed around 95% complete of the demolition phase of the project and had started to install the passenger heads and steel bulkheads. Mr. Walker stated that the interior decks would be blasted this week and primed, that the vessel's sides were also being blasted this week, that the bowthruster engine had been removed, that the foundation for the new bowthruster was 75% complete, and that the windows, MES system and liferafts had been received. Mr. Walker further reported that the project was on schedule and progressing very well, and that the vessel would be coming back to Fairhaven around the first day of April.

Mr. Walker then reported that, to date, there had been ten change orders to the contract with Thames Shipyard, amounting to $35,000, and that all of the change orders had been very reasonable and negotiated. Mr. Walker also noted that there would be two more change orders, one for $10,000 to redirect the fire sprinkler system's piping, and a second one for $50,000 for steel modifications due to the fact that the starboard forward passenger door was not located as shown on the vessel's as-built drawings.

M/V Governor Vessel Replacement Study:

Mr. Lamson then reviewed with the Members management's proposed scope of the study it will be conducting over the next few months to determine how the Authority should replace the *M/V Governor* to best provide the Authority with additional operating and scheduling flexibility. Mr. Lamson noted that the alternatives which will be reviewed, in addition to the possibility of doing nothing, were:

(a) Possible acquisition and modification of a used supply vessel up to 235 feet in length with similar (or additional) truck-carrying capacity as the Authority's other freight vessels;

(b) Construction of a new 235-foot freight vessel (with significantly more truck-carrying capacity than any of the Authority's current freight vessels); and

(c) Construction of a new passenger/vehicle ferry (similar to the *M/V Martha's Vineyard* or the *M/V Island Home*) and the conversion of the *M/V Nantucket* into a freight vessel (with the removal of her two mezzanine passenger decks).

Mr. Lamson further noted that, as part of this project, management will be studying the economic feasibility of providing freight service between New Bedford and Martha's Vineyard, either seasonally or on a year-round basis, and based upon different sailing speeds and truck-carrying capacities, and that he hoped to have the study completed by the end of March 2012.

Mr. Marshall declared that the Authority needed to undertake this study seriously and thoughtfully to determine where there really is something the Authority can do to alleviate the burdens that are placed on the Authority's mainland ports. Mr. Marshall observed that the constraints placed upon the Authority in both Hyannis and Woods Hole (which has access through only one road) are not going away, and he stated that the Authority should make a concerted effort to carry some of its freight, such as commodities, trash or fuel, out of New Bedford. Finally, after saying that he did not know how he could be aggressive enough to make that happen, Mr. Marshall noted that it was the Authority's responsibility to bring some relief to the ports of Hyannis and Woods Hole.

Mr. O'Brien declared that he fully supported Mr. Marshall's comments and that he was looking forward to seeing something result from management's study. Similarly, Mr. Tierney stated that New Bedford would be delighted to resume freight service from its port, either seasonally or year-round. However, Mr. Hanover cautioned that it all will depend upon the cost of such service, coming down to dollars and cents, although he stated that he would support such a service if it made sense. Mr. Ranney also stated that the service would have to pay for itself, and he reminded the Members that the Authority's main purpose is to serve the islands.

Mr. Marshall observed that there would be benefits for everyone if the Authority could bring some relief to the mainland ports that service the islands by carrying freight from a commercial port and making it work economically. However, Mr. Marshall also noted that the Authority was dealing not just with paper, but with people as well, and that there was a moral and human perspective to consider when deciding whether to take fuel and trash out of people's back yards.

Mr. Hanover declared that he welcomed management's study because it was an opportune time to look at the possibility of providing freight service from New Bedford again, assuming that it will be economically feasible to resume that service. However, Mr. Hanover noted that for some time the Authority has had flat ridership and income, and the service would have to pay for itself with greater efficiency. In this regard, Mr. Hanover suggested that perhaps the service could run fewer trips if its vessels have more capacity, but he again stated that the service had to be one that pays for itself.

Mr. Marshall agreed that if the service does not make sense economically the Authority would recognize that and say it doesn't make sense, because the Members want the service to work both economically and practically. However, Mr. Marshall declared that it is the Authority's obligation to give it a try.

Mr. Jones observed that the Port Council will also be reviewing the study, and he cautioned that freight service from New Bedford will not create one more nickel of revenues. For that reason, Mr. Jones said, the Authority needed to come up ways to make the service more efficient. Mr. Hanover then suggested that perhaps there could be trips during the night for fuel and trash. In response, Mr. Marshall declared that even one trip a week would be an improvement. Mr. Anthes-Washburn also stated that the New Bedford Harbor Development Commission was willing to do anything to help the service.

Later in the meeting (after the discussion of management's proposed Hyannis terminal parking lot changes), Mr. Marshall asked Mr. Walker what management's plans were for the *M/V Governor*. In response, Mr. Walker stated that the plans were for the Authority to try to sell the vessel with its new engines, but that if the Authority could not obtain an acceptable price, it would then remove the engines and put them into the *M/V Sankaty*, and scrap the *M/V Governor*. Mr. Marshall asked if the Authority instead could maintain the *M/V Governor* and have it make two trips a night between New Bedford and Martha's Vineyard carrying hazardous cargo such as fuel, oil and trash. But Mr. O'Brien stated that the *M/V Governor* was not the boat to make those trips, as it is not an open-water boat.

In response to a question from Mr. Hanover, Mr. Walker stated that the *M/V Governor's* new engines are more fuel efficient than its previous engines, although he could not say that the Authority was saving fuel because it was running the engines faster. Indeed, Mr. Walker said, he and Port Captain Gifford needed to talk to the vessel's Captains about pulling back on the throttle.

<u>Hyannis Terminal Parking Lot Changes</u>:

Mr. Lamson then discussed with the Members management's proposed changes to the Hyannis parking lot operations to allow 84 parking spaces at the Hyannis terminal, which are currently being used by parking permit holders, to be used for daily parking by customers who want the convenience of dockside parking and are willing to pay slightly more for it. Mr. Lamson stated that, as part of these proposed changes, management planned to keep the Authority's Lewis Bay Road parking lot open on a year-round basis for all of the Authority's Hyannis parking permit holders, which is within easy walking distance to the terminal, instead of requiring them to park at the Authority's Yarmouth Road parking lot, which is a little farther away. Mr. Lamson also stated that management was proposing that Hyannis off-site parking permits continue to be offered at a price of $600 per year, from May 15, 2012 through May 14, 2013.

Mr. Lamson further reported that management's proposed daily parking rates at the Hyannis terminal vary from a low of $5 per day from December 15 through March 31, to $10 per day from April 1 through April 30, to $15 per day from May 1 through June 14, and then to $20 per day from June 15 through September 14, after which they decrease to $15 per day through October 31 and then to $10 per day through December 14. Additionally, Mr. Lamson said, management was proposing to offer discounted long-term parking at the Authority's Brooks Road parking lot at the rate of $10 per day for those customers who stay one week or longer (with those customers who stay in that lot for five or six days also being charged a maximum of $70). Mr. Lamson stated that management would be notifying the Authority's current parking permit holders of these proposed changes and to give them an opportunity to comment on them by the end of February 2012, which will allow the comments to be considered before management presents its final recommendations to the Members at their next meeting.

In response to a question from Mr. Ranney, Mr. Lamson stated that management was planning to keep the Lewis Bay parking lot open all winter, to allow permit holders to enter and exit that lot automatically, and to provide shuttle service to the lot as well. Mr. O'Brien stated that he thought the proposed changes made a lot of sense and that the Authority would attract more passengers as a result of these changes. Mr. Ranney suggested that management consider possibly not eliminating all of the onsite permits, but just some of them, and also consider asking the permit holders whether they are willing to pay more for parking at the terminal.

The Authority's Equal Employment Policies:

Mr. Sayers asked the Members to approve an update to the Authority's Equal Employment Policies so that they reflect amendments to the laws concerning employment discrimination. Mr. Sayers noted that these amendments include increasing the time period within which individuals may file charges of discrimination from six months to 300 days, and adding categories with respect to which individuals are protected from discrimination, such as their genetics, active military status and, most recently, their gender identity and expression (which goes into effect on July 1, 2012).

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to approve the Authority's updated Equal Employment Policies in substantially the form attached to Staff Summary #L-407, dated January 26, 2012.

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

Treasurer's Report:

Mr. Davis reported that the Authority had carried more passengers (up 7.8%), more automobiles (up 4.9%) and fewer trucks (down 4.3%) during the month of December 2011 than it had carried during the same month in 2010 and that, for the entire 2011 calendar year, the Authority had carried fewer passengers (down 0.96%), more automobiles (up 0.3%) and fewer trucks (down 1.4%) than it had carried in 2010. Although Mr. Davis said that the Authority was still finalizing its December 2011 activity, he assured the Members that it was reasonable to expect that the Authority will finish in the black for 2011. Specifically, Mr. Davis reported that, while operating revenues for the year were expected to be $700,000 lower than budgeted, operating expenses similarly were expected to be $700,000 lower than budgeted. Therefore, Mr. Davis said, due to an increase in miscellaneous income for the year, the Authority's net operating income for 2011 was expected to be around $4,000,000.

Contract for Marine Diesel Fuel:

Mr. Lamson asked the Members to rescind the award they made at their last month's meeting of a two-year contract for the supply of marine fuel to Dennis K. Burke Inc. of Chelsea, Massachusetts, because management subsequently allowed Burke to withdraw its bid after it realized it could not meet the Authority's specifications. Mr. Lamson also asked the Members to award the contract to Canal Fuel Co. of Sagamore, Massachusetts, which was the next lowest eligible and responsible bidder for the contract and had submitted a bid to provide the fuel at a mark-up of $0.0545 per gallon, and which also has been the Authority's supplier of marine fuel for the last ten years.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to rescind the award of 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 Dennis K. Burke Inc. ("Burke") of Chelsea, Massachusetts, and to award the contract instead to Canal Fuel Co. of Sagamore, Massachusetts, as recommended by management in Staff Summary #A-541, dated January 23, 2012.

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

Contract for Banking Services:

Mr. Davis then reviewed with the Members the results of the request for proposals for banking services that management had issued in December 2011. Specifically, Mr. Davis said, the Authority had received six proposals in response to the request and had evaluated them all based upon proposed depository activities at each location, credit card services and disbursement activities. Mr. Davis noted that, due to the unique nature of the Authority's operations, it became clear that no one bank can provide the Authority with a full range of banking services at all of its locations and, accordingly, the management team which evaluated the proposals was recommending that the Authority award contracts to a number of different banks for these services, as follows:

(a) The Authority's depository accounts for cash revenues received at the Woods Hole, Vineyard Haven and Oak Bluffs terminals, as well as at the Martha's Vineyard Airport Reservation Office, to be held at Martha's Vineyard Savings Bank.

(b) The Authority's depository accounts for cash revenues received at the Nantucket terminal and the Mashpee Reservation office to be held at Cape Cod Five Cents Savings Bank.

(c) The Authority's depository accounts for cash revenues received at the Hyannis terminal and the Falmouth parking lots to be held at TD Bank.

(d) The Authority's depository account for revenues received from credit card transactions to be held at Sovereign Bank.

(e) The Authority's municipal checking account for disbursements to be held at TD Bank.

Mr. Davis also noted that the Authority's depository account for revenues from credit card transactions currently was held at Sovereign Bank and that, if the Authority were to switch that account to another bank, additional gateways would be required and the Authority would also have to make changes to its systems in order to maintain its relationship with one of the biggest credit card processors.

Mr. Marshall stated that he was not certain he agreed with the recommendation to have the Authority's checking account at TD Bank, and he asked why the Authority shouldn't have that account at a local bank. In response, Mr. Davis noted that management had evaluated all of the banks' on-line services and security protocols, and further noted that TD Bank, as Sovereign Bank, fully collateralizes its accounts at no charge to the Authority. Also in response to a question from Mr. Ranney, Mr. Davis stated that three of the banks had indicated that they are willing to talk with the Authority about the possibility of offering an affinity card.

In response to a question from Mr. Hanover, Mr. Davis stated that Sovereign Bank does not add any charges to its credit card transactions and that, as a result, the Authority is charged only the exchange rates it would incur regardless of which bank has the credit card account. Also in response to a question from Mr. Hanover, Mr. Davis stated that the Authority's various reserve funds were not included in the request for proposals because some of the Authority's bond resolutions dictate where those funds have to be maintained. However, Mr. Davis said, management would see what it might be able to do in the future to earn as much money as possible on those funds.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to award Contract No. 35-11 for banking services as follows:

(a) to Martha's Vineyard Savings Bank for a depository account for the Woods Hole, Vineyard Haven and Oak Bluffs terminals, including the airport reservation office;

(b) to Cape Cod Five Cents Savings Bank for a depository account for the Nantucket terminal, as well as the Mashpee reservation office;

(c) to TD Bank for a depository account for the Hyannis terminal and the Falmouth parking facilities;

(d) to Sovereign Bank for a depository account for the credit card activity; and

(e) to TD Bank for municipal checking account(s) for the Authority's disbursement accounts;

as recommended by management in Staff Summary #A-542, dated January 25, 2012.

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

Dry-dock and Overhaul Services for the M/V Iyanough:

Mr. Lamson asked the Members to award Contract #36-11 for dry-dock and overhaul services for the *M/V Iyanough* to Fairhaven Shipyard Companies, Incorporated of Fairhaven, Massachusetts, the only eligible and responsible bidder for the contract, for a total contract price of $203,859. Mr. Lamson noted that the *M/V Iyanough* is scheduled to be in the shipyard in March 2012 to undergo a US Coast Guard hull examination, machinery inspections, underwater hull cleaning and painting, seachest piping renewals, exhaust elbow replacements, exhaust side shell penetration repairs, and replacement of the damaged luggage compartment doors. Mr. Lamson also noted that some of the cost of the luggage compartment door replacement will be recoverable through insurance. In response to a question from the Members, Mr. Walker stated that neither Gladding-Hearn Shipyard nor Thames Shipyard submitted a bid for the contract due to scheduling issues.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to award Contract No. 36-11 for dry-dock and overhaul services for the *M/V Iyanough* to the lowest eligible and responsible bidder for the contract, Fairhaven Shipyard Companies, Inc. of Fairhaven, Massachusetts, for a Total Contract Price of $203,859.00, as recommended by management in Staff Summary #A-541, dated January 23, 2012.

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

Purchase of Two Shuttle Buses:

Mr. Lamson then asked for authorization to to purchase two new shuttle buses from Northern Bus Sales, Inc. of Hudson, New Hampshire for a total contract price of $169,506, in accordance with the terms of a government contract that allows for cooperative purchasing by governmental entities such as the Authority. Mr. Lamson stated that each of the new shuttle buses will have 20 seats and a wheelchair lift with room for two wheelchairs, and will be used for transporting customers between the Hyannis terminal and the three off-site parking lots located in Hyannis, although during the off-season one or both of them may be used between the Woods Hole terminal and the Palmer Avenue parking lot.

In response to a question from Mr. Hanover, Mr. Lamson stated that the buses will be powered by diesel fuel and that the Authority's original budget figure of $220,000 for the two shuttle buses was based upon purchasing buses powered by compressed natural gas (CNG), but that currently there are not any grants available to reimburse the Authority for the additional $43,000 it would cost to purchase two buses powered by CNG instead of diesel. Nevertheless, Mr. O'Brien stated that the Authority should be getting away from using diesel buses because it was operating them in neighborhoods. Similarly, Mr. Jones declared that it should be the Authority's long-term goal to have all of its buses that travel through residential areas powered by CNG, and Mr. Ranney stated that he agreed.

Mr. Lamson observed that, without a grant to offset the additional cost for CNG-powered buses, the financial payback for those buses compared to diesel buses was not attractive. However, Mr. Lamson stated that whether to buy CNG-powered buses despite the extra cost would be a policy decision balancing the environment against the additional expense. Mr. Hanover stated that he personally would like to make such a policy statement and purchase the CNG-powered buses. Although Mr. Marshall stated that he agreed, he also cautioned that the Members should not approve these items on a piecemeal basis and that the Authority should also develop more of a plan regarding how it is going to fuel the CNG-powered buses. In response, Mr. Lamson stated that management would present the Members with its plan for fueling the Authority's CNG-powered buses at the Members' next meeting and would also continue to pursue grants for these buses.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to authorize the General Manager to purchase two (2) shuttle buses with wheelchair lifts and powered by compressed natural gas from Northern Bus Sales, Inc. of Hudson, New Hampshire, in accordance with the Authority's Procurement Policy, for a Total Contract Price not to exceed $220,000.

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

Port Council's Report:

Mr. Jones reported that, at their meeting earlier that month, the Port Council had discussed management's proposed reallocation of preferred space reservations on the Martha's Vineyard route, although management was still working on the final numbers. Mr. Jones also reported that the Port Council had discussed the upcoming study for the replacement of the *M/V Governor* and had suggested having one prototype freight boat, the lack of onsite daily parking at the Hyannis terminal and had voted in favor of opening up such parking there, and had changed the date of their next meeting from February 1, 2012 to February 8, 2012.

Mr. Jones further reported that the Port Council had discussed a suggestion that had been made by a blogger to change South Street in Hyannis from a one-way street to a two-way street, but stated that such a change would create problems in the town's traffic patterns. Accordingly, Mr. Jones said, the Port Council had recommended that the suggestion is still premature and that the Authority should wait until it becomes an issue before commenting on it at the appropriate moment.

Finally, Mr. Jones reported that management had a very interesting marketing meeting on December 29, 2011 for the purpose of reviewing the comments the Authority received on its recent marketing survey. Mr. Jones also noted that, at the meeting, management had provided an overview of how it plans to address some of those survey items.

Public Comment:

Mr. Hanover thanked Mr. Rozum and the other Authority employees for being sensitive to the needs of the traveling chili contestants by holding the 8:15 p.m. boat for them earlier that month.

Mr. Hanover also stated that he had talked to a number of people on Martha's Vineyard who seemed to be very much in favor of changing the time that preferred space reservations go on sale for that route from 8:00 a.m. to 7:30 a.m. Therefore, Mr. Hanover invited Mr. Lamson to bring that subject up for consideration by the Members at their next meeting.

At approximately 11:02 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, 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, including the proposed ratification of a tentative new collective bargaining agreement for the Authority's unlicensed vessel employees; that, with respect to real estate matters, the subjects of discussion included the Authority's swap of properties on Research Road in Falmouth with the Town of Falmouth; and that, with respect to pending and anticipated litigation matters, the subjects of discussion included potential litigation against Childs Engineering Corporation and potential litigation against Eugene and Roslyn Ratner to recover damages incurred in the allision of the *M/V Eagle*. After Mr. Tierney 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. O'Brien -- 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. Tierney	**10 %**	
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**100 %**	**0 %**

At approximately 12:00 noon, the Members reconvened their meeting in public session. All five Members were present: Chairman John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket (who participated remotely by telephone conference call); Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth. Port Council Chairman S. Eric Asendorf of Falmouth; Port Council Vice Chairman Robert R. Jones of Barnstable; Port Council Secretary George J. Balco of Tisbury, and Port Council members Frank J. Rezendes of Fairhaven and Edward C. Anthes-Washburn 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 Terminal and Parking Operations Mark K. Rozum; Director of Engineering and Maintenance Carl R. Walker; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Collective Bargaining with District No. 1 – PCD, MEBA (AFL-CIO):

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to authorize the General Manager and Director of Human Resources to execute the tentative new collective bargaining agreement with District No. 1 – PCD, MEBA (AFL-CIO) governing the terms and conditions of employment for the Authority's unlicensed vessel employees, as attached to Staff Summary #L-406, dated January 26, 2012, and to take all necessary and appropriate actions to implement and fulfill the Authority's obligations under the new agreement.

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

Then, at approximately 12:01 p.m., Mr. Tierney stated that he would entertain a motion to adjourn the meeting.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to adjourn the meeting.

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

A TRUE RECORD

Robert L O'Brien

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

March 13, 2012

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 13th day of March, 2012, beginning at 9:41 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 John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County. Robert S. Marshall of Falmouth was not present.

Port Council Vice Chairman Robert R. Jones of Barnstable, Port Council Secretary George J. Balco of Tisbury, and Port Council members Frank J. Rezendes of Fairhaven 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. Hanover's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on January 31, 2012.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for January 2012, 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 6.5%), more automobiles (up 4.5%) and fewer trucks (down 0.3%) during the month than it had carried during the same month in 2011. Mr. Lamson also reported that the Authority's operating revenues for the month were $94,000 higher than what had been projected, and that the Authority's operating expenses for the month were $39,000 lower than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $2,913,000, which was $133,000 lower than projected. Finally, Mr. Lamson stated that the Authority's cash balances were remaining ahead of budget projections and that, if those trends continue, it would result in additional transfers into the Authority's replacement fund.

Mr. Hanover noted that, based upon the latest traffic reports he had seen, the Authority was carrying more passengers on the Martha's Vineyard route through February 2012 and he stated that he hoped the good trend continues to hold. Mr. Lamson observed that the increase in passenger traffic was probably due to a combination of good weather and the economy, and he reported that, as of the end of February 2012, there had been a 6% increase in the number of summer vehicle reservations from the same time the previous year.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Walker reported that the *M/V Eagle* Mid-Life Refurbishment Project was going okay, although it was a little behind schedule. Mr. Walker stated that, in order to bring more on-site management to the project, he had hired retired Captain Edward Jackson to be at Thames Shipyard for the next six weeks as the Authority's onsite project manager. Mr. Walker also stated that the vessel is now expected to be back in Fairhaven sometime between April 17 and April 20, 2012, although its new seats are not expected to arrive in New York until April 17th. Mr. Walker stated that the installation of the new seats should take only three days and that, if the shipyard is finished with its other work by that time, they could also be installed by the shipyard's employees after the vessel is delivered back to Fairhaven. Mr. Walker also reported that the entire outside of the vessel had been blasted and primed, that the 02 deck had been entirely gutted, with the joiner work all going in, that the main switchboard was being replaced, that the Marine Evacuation Slide was being installed, that the new bowthruster was in and undergoing final alignment, and that he anticipated the vessel will be back in line service on May 6, 2012 as scheduled. Finally, Mr. Walker stated that the Authority has had $500,000 in negotiated change orders on this project, with approximately $300,000 of additional change orders that are still under review.

In response to a question from Mr. Ranney, Mr. Walker stated that the contract for the seats does not impose any penalty upon their manufacturer for their late delivery. Mr. Walker also stated that there had been an issue with the fabric for the seats not being able to be purchased and that the seat manufacturer had decided not to start production until the Authority got the fabric to the site. Nevertheless, Mr. Walker said, the seats were arriving without their slip covers, which would be arriving separately by air freight, and that he had expressed his displeasure about the situation to the manufacturer.

Mr. Ranney recounted how Captain Jackson had helped the Authority so much in previous major projects and he suggested that, in the future, the Authority consider hiring him as an onsite project manager from the beginning of a project. Mr. Walker stated that the Authority could do so, but that this situation had resulted when one of the Authority's two port engineers had left and Mr. Walker had offered to go without a port engineer when he shouldn't have, observing that the second port engineer could have been at the shipyard for this project on a fulltime basis.

Preferred Space Reservations on the Martha's Vineyard Route:

Mr. Lamson recounted how, over the past few months, the management staff had reviewed the current daily allocation of preferred spaces on the Martha's Vineyard route to determine:

(a) whether there are a sufficient number of preferred spaces per day on this route throughout the year;

(b) whether there is an appropriate distribution of preferred spaces between those that go on sale seven days in advance and those that go on sale one day in advance of sailing

(c) whether there is a sufficient number of over-height preferred spaces for vehicles that require center spaces; and

(d) whether there is an appropriate distribution of preferred spaces among the various trips throughout the day.

Ultimately, Mr. Lamson said, the staff concluded that, while the overall number of available preferred spaces each day is sufficient (120 spaces for travel off-island during the summer and 80 spaces for travel off-island during the off-season), more over-height spaces are needed when preferred spaces go on sale one day in advance of sailing. Mr. Lamson stated that the staff also concluded that, during the summer, the distribution of preferred spaces throughout the day could be improved by having some preferred spaces on the freight trip that leaves the island at 8:30 a.m. instead of on the trips leaving the island at 6:00 a.m. and 7:00 a.m. Accordingly, Mr. Lamson requested that the Members approve the following our recommendation:

1. during the summer, to convert 13 preferred spaces that go on sale one day before sailing to over-height preferred spaces;

2. during the off-season, to convert 6 preferred spaces that go on sale one day before sailing to over-height preferred spaces; and

3. during the summer, to allocate eight new preferred spaces on the freight boat that leaves the island at 8:30 a.m., while correspondingly reducing by eight the total number of preferred spaces on the earliest morning and late evening off-island trips.

Mr. Lamson stated that the staff also discovered from their discussions with the Port Council that many island residents don't realize that the "7-day-in-advance" preferred space reservations remain available for booking up to 5 days in advance of the day of sailing before they are released to the general public. Therefore, Mr. Lamson said that, at the Port Council's suggestion, the Authority will be publicizing this information so that the preferred space booking process is be clearer for island residents to use and understand and that, with that condition, the Port Council had voted at their meeting earlier in the month to recommend that the Members approve management's proposed reallocation of preferred spaces on this route.

Mr. Hanover declared that he completely agreed with the Port Council that the Authority needed to make this information more available to the island residents, saying that he similarly had been under the impression that, if he did not book a preferred space reservation seven days before his day of sailing, he could not book a preferred space reservation until the day before sailing.

Mr. Hanover also agreed that the Authority appeared to be providing enough preferred space reservations on this route, based upon their average usage of 65% during the summer season. Mr. Huss agreed, and predicted that more island residents will book these reservations once they realize the reservations continue to be available for a few days after they go on sale.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the reallocation of 7-day and 1-day preferred spaces on the Martha's Vineyard route as proposed by management in Staff Summary #GM-587, dated March 8, 2012.

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

Change in the Daily Starting Time for the Sale of Preferred Space Reservations on the Martha's Vineyard Route and the Business Hours for the Reservation Offices:

Mr. Lamson asked the Members to approve a change in the time of day when preferred space reservations go on sale for the Martha's Vineyard route, noting that management was proposing that, beginning April 2, 2012, preferred space reservations for the Martha's Vineyard route go on sale (in person, over the Authority's website and by telephone) at 7:30 a.m. instead of 8:00 a.m. As a result, Mr. Lamson said, the business hours of the Authority's Mashpee and Martha's Vineyard Airport reservation offices would also have to be changed so that they similarly start at 7:30 a.m. (instead of 8:00 a.m.) and go through 4:00 p.m. (instead of 4:30 p.m.).

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the change in the start time for the sale of preferred space reservations for the Martha's Vineyard route, from 8:00 a.m. to 7:30 a.m., effective April 2, 2012, and to also approve the change in the business hours of the Authority's reservation offices from 8:00 a.m. through 4:30 p.m. to 7:30 a.m. through 4:00 p.m., similarly effective April 2, 2012, as recommended by management in Staff Summary #GM-588, dated March 8, 2012.

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

Pre-Season Promotion for High-Speed Passenger Ticket Books:

Mr. Lamson asked the Members to approve management's recommendation to promote the start of the Authority's high-speed ferry service for the 2012 season by selling electronic versions of the Authority's high-speed ferry 10-ride ticket books at a 20% discount for fifteen days beginning April 10, 2012 and ending April 24, 2012, when the *M/V Iyanough* returns to service this year. Mr. Lamson stated that the discount would apply not only to electronic adult ticket books, but also to electronic senior and child ticket books purchased during this time period, and that the Port Council had voted to recommend that the Members approve this promotion at their meeting earlier in the month. In response to a question from Mr. Ranney, Mr. Sayers stated that he could vote on this matter without violating the State Conflict of Interest Law.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Hanover -- to approve a 20% discount on the price of all electronic passenger ticket books for the high-speed ferry during the period from April 10, 2012 through April 24, 2012, as proposed by management in Staff Summary #GM-590, dated March 8, 2012.

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

Falmouth High School Parking Lot Lease:

Mr. Lamson then asked the Members for authorization to enter into a letter of agreement with the Falmouth Public Schools that will allow the Authority to continue to use the Falmouth High School parking lot for overflow parking on busy summer weekends (with the exception of Road Race Weekend on August 11 and 12, 2012). Mr. Lamson noted that the Authority typically has used the Falmouth High School parking lot for overflow parking six or seven weekends during the summer and in some years over Memorial Day weekend as well.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to execute a letter of agreement with the Falmouth Public Schools for use of the Falmouth High School parking lot, as proposed by management in Staff Summary #GM-591, dated March 8, 2012.

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

New England Fast Ferry License Agreement:

Mr. Lamson then informed the Members that, unless directed otherwise, management was going to allow the Authority's license agreement with SeaStreak Martha's Vineyard, LLC (formerly New England Fast Ferry of Massachusetts, LLC) automatically to renew this year so that SeaStreak will continue to provide high-speed ferry service between New Bedford and Martha's Vineyard through at least September 30, 2013. Mr. Lamson also noted that, assuming the Authority allows the license agreement automatically to renew next year as well, SeaStreak will then continue to be obligated to provide the service through September 30, 2014.

In response to a question from Mr. Tierney, Mr. Lamson stated that, based upon all of the information management had compiled, including the current level of ridership and the projected cost of having the Authority provide the service, management had concluded that it simply would not be financially prudent for the Authority to take over this ferry service at this time. Instead, Mr. Lamson said, this route will be better served by having a private operator such as SeaStreak continue to provide the service. Mr. Lamson also noted that, at their meeting the prior week, the Port Council had voted to recommend that the Members accept management's proposal to allow SeaStreak's license agreement to renew automatically.

Operating Results for the Year Ended December 31, 2011:

Mr. Davis reported that, although the Authority's independent auditors were still reviewing last year's activity, on a preliminary unaudited basis the Authority's net operating income (before capital grants, income from special purpose funds, and pension plan withdrawal liability) was expected to be around $4,379,000, which was around $2,265,000 higher than the 2010's net operating income and around $939,000 higher than projected in the 2011 Operating Budget. Mr. Davis also reported that revenues were approximately $2,894,000 higher in 2011 than they were in 2010, primarily the result of fare increases, and that operating expenses in 2011 were around $1,200,000 higher than they were in 2010, with decreases in general expenses having been offset by increases in other operating expenses such as higher payroll costs on the vessels and in the terminal and parking operations and higher fuel oil expense.

In response to a question from Mr. Ranney, Mr. Davis stated that the average cost of the Authority's vessel fuel oil was $3.036 per gallon in 2011 compared to $2.585 per gallon in 2010, and that the Authority currently was paying around $3.49 per gallon (including the cost of the Authority's fuel price hedging program). Mr. Davis further reported that the $600,000 saved by the Authority in 2011 as a result of its fuel price hedging program was after taking into account the cost of the options bought by the Authority, which had cost around $600,000 and were exercised for around $1,200,000. Mr. Davis noted that the program will not result in as dramatic a return for 2012, as on average for this year the Authority has protected itself from increases in the price of fuel oil only over $3.50 per gallon.

Debt Issuance and Debt Management Policy:

Mr. Davis asked the Members to re-adopt the Authority's Debt Issuance and Debt Management Policy, observing that state regulations now require the Authority to re-authorize the policy every two years during even-numbered years. Mr. Davis stated that the policy was essentially the same as that which the Members had approved in 2011, with only minor adjustments to reflect the Authority's subsequent $6,000,000 bond issue and the scheduled debt service payments that were made. Mr. Davis also noted that the policy requires the Authority to continually monitor the adequacy of its statutory bond limit.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to adopt the Authority's Debt Issuance and Debt Management Policy in the form attached to Staff summary #A-543, dated March 8, 2012.

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

Port Council's Report:

Mr. Jones reported that, at their meeting earlier that month, the Port Council had reviewed most of what the Members had just discussed, and had also noted that the financial projections for the Nantucket route this year needed to be revisited next month because they were lower than they should be. Mr. Jones also reported that the Port Council had discussed management's parking recommendations for the Hyannis terminal, as well as a number of suggestions on that matter that had been made by Nantucket Port Council member Nathaniel E. Lowell, and ultimately agreed that management should continue to discuss this with Messrs. Ranney and Lowell to try to reach some resolution. In this regard, Mr. Jones observed that this was an attempt by management to increase revenues, as suggested by customers who responded to the Authority's recent marketing survey, so he expected the issue to come back to the Port Council for consideration at their next meeting.

At approximately 10:24 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, 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 Childs Engineering Corporation, the Maguire Group, Inc. and Eugene and Roslyn Ratner. After Mr. Tierney 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. Tierney	**10 %**	
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
TOTAL	**90 %**	**0 %**

At approximately 11:03 a.m., the Members reconvened their meeting in public session. Four Members were present: Chairman John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; and Marc N. Hanover of Dukes County. Robert S. Marshall of Falmouth was not present.

Port Council Vice Chairman Robert R. Jones of Barnstable, Port Council Secretary George J. Balco of Tisbury, and Port Council members Frank J. Rezendes of Fairhaven 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 Terminal and Parking Operations Mark K. Rozum; Director of Engineering and Maintenance Carl R. Walker; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. O'Brien -- to adjourn the meeting.

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

A TRUE RECORD

Robert L. O'Brien

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

April 17, 2012

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 17th day of April, 2012, beginning at 10:15 a.m., in the San Francisco Room of the New Bedford Whaling Museum, located at the 18 Johnny Cake Hill, New Bedford, Massachusetts. All five Members were present: Chairman John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Vice Chairman Robert R. Jones of Barnstable, Port Council Secretary George J. Balco of Tisbury, and Port Council members Frank J. Rezendes of Fairhaven, Edward Anthes-Washburn 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; Director of Marketing Kimberlee McHugh; Reservations and Community Relations Manager Gina Barboza; Port Captain Charles G. Gifford; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on March 13, 2012.

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

Mr. Marshall abstained from voting on the minutes of the Members' meeting in public session on March 13, 2012.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for February 2012, 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 8.2%), more automobiles (up 8.5%) and more trucks (up 3.8%) during the month than it had carried during the same month in 2011. Mr. Lamson also reported that the Authority's operating revenues for the month were $114,000 higher than projected and that the Authority's operating expenses for the month also were $677,000 higher than projected, mostly attributable to higher-than-expected maintenance expenses. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $3,048,000, which was $563,000 higher than projected.

Mr. Lamson further reported that, for the first two months of 2012, the Authority's operating revenues had been $209,000 higher than projected, and that the Authority's operating expenses also had been $638,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the first two months of 2012 had been $5,961,000, around $430,000 higher than projected. Finally, Mr. Lamson stated that the Authority's cash balances remained good and that, as of the end of February 2012, there had been a six percent increase in the number of the Authority's advance reservations for the summer schedule from the same time in 2011.

Mr. Hanover expressed his concern that the Authority was already more than $400,000 behind budget at the end of February 2012, and asked whether this was going to be the trend for the rest of the year or whether it had been attributable to unexpected expenses. In response, Mr. Lamson stated that the cost of dolphin repairs at the Vineyard Haven terminal had turned out to be considerably more than anticipated, and that the repairs for the *M/V Gay Head* and the *M/V Iyanough* also had contributed to the variance. Mr. Walker also noted that the Vineyard Haven dolphin repairs had not been included in the 2012 operating budget at all, and that the *M/V Gay Head* repairs had been just a timing issue, with more of the cost falling in 2012 instead of 2011 than had been hoped.

Mr. Ranney noted that the Authority had consumed 4,000 more gallons of vessel fuel than budgeted during the first two months of 2012, and asked why the Authority was using so much more fuel. In response, Mr. Davis stated that the Authority had operated about the same number of trips than had been budgeted, but that the vessels were burning slightly more fuel per trip than anticipated (based upon an 18-month average). Mr. Walker stated that he did not know why the vessels were burning more fuel and that he had not been watching it closely because of all of the other projects. However, Mr. Walker stated that the vessels may be going too fast or the reason may be weather-related, that he and Port Captain Gifford would take a look at it, and that there were fuel consumption meters on the bridges of all of the Authority's vessels.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Walker reported that the *M/V Eagle* Mid-Life Refurbishment Project was moving along and that everything was on track and coming together at the last minute. Mr. Walker stated that Thames Shipyard that day had stopped all work on the vessel so that an all-day inclining experiment could be performed with 17 weights on the boat, that work will resume after the experiment is finished, and that the vessel will then leave the shipyard for Fairhaven on Sunday for a United States Coast Guard test of the Marine Evacuation Slide on Monday, April 23, 2012. Mr. Walker also reported that the Authority will continue to work on the boat for the following two weeks and have it back in line service on Monday, May 7, 2012, that everything was on track and that Thames Shipyard was doing a great job.

Vessel Sewage Pump-Out Facilities Project:

Mr. Walker then reported that the invitation for bids for the Vessel Sewage Pump-Out Facilities Project has been issued and that the bids for the contract will be opened sometime in May 2012 so that the contract can be awarded at the Members' meeting on May 15, 2012. Mr. Walker also stated that he planned to get the Hyannis vessel sewage pump-out facilities up and running by August 2012 so that the equipment can be tried out later this summer with the *M/V Eagle*.

In response to a question from Mr. Jones, Mr. Walker stated that the rates paid by the Authority to the Town of Barnstable for processing the Authority's vessel sewage would be based upon the amount of water used by the Authority, as the Town's sewage fees are included in its water bills. However, Mr. Jones observed that the Authority's vessels could take on water when they are docked at Nantucket and then discharge their sewage when they are in Hyannis. In response, Mr. Walker stated that the amount of sewage discharged from each of the sewage pump-out facilities will be metered and that the amount of sewage discharged compared to the amount of water used by the Authority in Hyannis will be reconciled on an annual basis.

Palmer Avenue Parking Lot Improvements:

Mr. Walker then reported that the specifications and drawings for the Palmer Avenue parking lot improvements (including the demolition of the Falmouth Youth Hockey League's ice rink on Skating Lane) were being finalized and that he needed to get them to Mr. Sayers and the Authority's Procurement Office so the invitation for bids can be issued in May 2012 and the contract awarded in June 2012. Mr. Walker also reported that the Falmouth Youth Hockey League will continue its activities in the rink until at least June first, so the Authority won't be able to start demolition work until mid-July 2012.

Hyannis Parking Lot Changes:

Mr. Lamson asked the Members to approve management's recommendation to make certain changes in the operation of the Authority's Hyannis parking lots. Mr. Lamson noted that the Hyannis terminal's main parking lot has 84 spaces, nine of which are designated as handicap parking spaces, and that the Authority currently has 72 annual Hyannis onsite parking permit holders, of whom 47 are listed on the Town of Nantucket's "street list" showing they are Nantucket residents. Mr. Lamson then stated that management was proposing that, beginning on May 15, 2012, the Authority offer the following types of annual Hyannis parking permits:

(a) Onsite Parking Permit for $1,100, which will be available only to current onsite parking permit holders who are on the Town of Nantucket's "street list" showing that they are Nantucket residents. These permit holders will be able to park at the Hyannis terminal year-round.

(b) Offsite/Onsite Parking Permit for $900, which will be available only to current onsite parking permit holders. These permit holders will be able to park at the Lewis Bay Road parking lot from May 15th through October 14th, and then at the terminal during the off-season. Permit holders with disabled placards/plates who purchase these permits will be permitted to park at the Hyannis terminal year-round for the same price.

(c) Lewis Bay Road Parking Permit for $750, which will be available only to current parking permit holders (both onsite and off-site parking permit holders). These permit holders will be able to park at the Lewis Bay Road parking lot year-round.

(d) Yarmouth Road/Lewis Bay Road Parking Permit for $600, which can be purchased by anyone. These permit holders will be able to park at the Yarmouth Road parking lot from May 15th through October 14th and then at the Lewis Bay Road parking lot during the off-season. (This is the only type of permit that will be available for new parking permit holders.)

Mr. Lamson stated that management was also proposing that the Lewis Bay Road parking lot be kept open on a year-round basis, and that the Authority provide both security and shuttle bus service between there and the terminal on a year-round basis as well.

By transferring some of the current vehicles with onsite parking permits to offsite lots during the summer, Mr. Lamson observed that the Authority will be able to provide a limited number of very desirable parking spaces at the Hyannis terminal and charge a premium rate of up to $20 per calendar day for day trippers and other short term visitors. Mr. Lamson also noted that the Authority also can provide an incentive for customers who want to park on a long-term basis to park at the Brooks Road parking lot, where management was proposing that the rate be $10 per calendar day for people who park there seven days or more.

Mr. Lamson stated that management was also proposing that permit holders who are Nantucket residents be eligible to travel with their permitted vehicles to and from Nantucket at excursion fare rates (a "reverse" round-trip excursion fare), provided they are otherwise eligible for those rates (*e.g.*, they return with their vehicles to Hyannis within 31 days) and they arrange their travel with the Mashpee Reservation Office Supervisors. Finally, Mr. Lamson reported that the Port Council had voted at their meeting earlier this month to recommend that the Members approve all of these proposed changes.

Mr. Ranney thanked Messrs. Lamson and Rozum for all of their work on this proposal, saying that Nantucket residents with whom he had discussed the proposal had reacted favorably towards it. Mr. Lamson noted, in response to a question from Mr. O'Brien, that management's proposed changes also included closing the Yarmouth Road parking lot during the winter.

After Mr. Jones observed that the number of onsite permit holders will decrease over the years through attrition, eventually freeing up the terminal's main parking lot for daily parkers, Mr. Lamson stated that management should be able to provide the Members with an update at their next meeting as to how many "grandfathered" onsite permit holders there will be. Mr. Ranney also cautioned that the Authority should not prohibit permit holders from parking at the terminal during the winter if the main parking lot turns out to be empty at that time. Mr. Lamson agreed, noting that during the winter the Authority might be able to accommodate all of its daily parkers and permit holders at the Hyannis terminal's main parking lot and close the Lewis Bay Road parking lot.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve the parking lot changes for the Authority's Hyannis parking lots, as proposed by management in Staff Summary #GM-594, dated April 10, 2012.

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

High-Speed Same-Day Round-Trip Passenger Fares:

Mr. Lamson then asked the Members to approve management's proposal to offer discounted fares for customers traveling on the Authority's high-speed ferry who go to Nantucket and return to Hyannis the same day on Mondays through Thursdays. Mr. Lamson stated that management was recommending that the discounted round-trip fares for this same-day travel be $50 for adults, $40 for senior citizens (eligibility restrictions apply), and $25 for children (ages

5-12), including the applicable embarkation fees, and he noted that these were the same discounted fares the Authority has been offering to its high-speed customers who depart from Nantucket and return there the same day, although those Nantucket-Hyannis-Nantucket same day fares are offered for travel seven days per week. Mr. Lamson also noted that the Port Council had voted unanimously at their meeting earlier this month to recommend that the Members approve these discounted fares.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve the discounted same-day round-trip passenger fares on the Authority's high-speed ferry for the period from April 24, 2012 through December 31, 2012, as proposed by management in Staff Summary #GM-595, dated April 10, 2012.

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

Woods Hole Terminal Reconstruction Project:

Mr. Lamson then asked the Members for authorization to proceed with a Request for Qualifications (RFQ) for the services of a marine engineer who will be pre-qualified to be part of the design team selected by the State Designer Selection Board to conduct a feasibility study for the Authority's proposed Woods Hole Terminal Reconstruction Project. Mr. Lamson noted that the reconstruction of the Woods Hole terminal may consist of a complete demolition of existing buildings and structures as well as the relocation to a yet-to-be-determined site of certain administrative and ancillary functions currently taking place at the terminal. In this regard, Mr. Lamson stated that the proposed competitive RFQ process for a marine engineer would be the first step in a two-step process whereby the Authority would designate up to three marine engineers whom it considers to be the most qualified to perform the required marine engineering services for the anticipated reconstruction of the terminal's ferry slips and then, when the State Designer Selection Board advertises for applicants to put together design teams for the overall project, potential applicants would be able to approach these pre-qualified marine engineers about joining their design teams knowing that the Authority will be satisfied with their selection. Mr. Lamson also observed that, if the Authority is satisfied with the design team's feasibility study, it can then ask that team to develop the final detailed program and design for the reconstructed terminal. Finally, Mr. Lamson reported that the Port Council had voted unanimously at their meeting earlier this month to recommend that the Members authorize management's proposed RFQ process.

In response to questions from Mr. Marshall, Mr. Lamson stated that the schedule for reconstructing the Woods Hole terminal had not been finalized, and that the Authority would probably complete it in phases after finishing the feasibility study and obtaining all of the required permits. Indeed, Mr. Lamson said, it might be two or three years before the first phase of construction can even begin. Further, Mr. Lamson noted that if the Authority's general offices are going to be moved offsite, then that part of the project would have to be completed before other phases can begin and, in this regard, the availability of the Authority's property off of Thomas B. Landers Road in Falmouth would become an important component in all of these decisions.

Also in response to questions from Mr. Marshall, Mr. Lamson stated that while there would be public meetings to solicit community input as part of the feasibility study and design process, the Authority will not be subject to any zoning requirements of the Town of Falmouth and the project will not be subject to review by the Falmouth Planning Board. However, Mr. Lamson noted that the Authority will need a Falmouth Conservation Commission permit for the work alongside the water, as well as a chapter 91 license from the Commonwealth of Massachusetts.

In response to a question from Mr. O'Brien, Mr. Lamson stated that the Members would be involved early in the process, such as when the design team considers as part of the feasibility study what activities should remain at the terminal and what functions should be relocated. In response to a question from Mr. Hanover, Mr. Lamson stated that the terminal's ferry slips should be replaced within the next five years, as Slips 1 and 2 were both constructed more than thirty years ago, which is generally considered to be their useful life. Mr. Lamson also noted that the Authority wanted to have longer transfer bridges at the Woods Hole terminal in order to reduce their slope.

Mr. Lamson also agreed with Mr. Hanover's concern about the cost of the project, observing that it could easily reach $15,000,000 to $20,000,000 due to the need to complete the construction in phases, and would also depend on what the Authority does with its general offices. In response to a question from Mr. Ranney, Mr. Lamson stated that the Authority would be applying for state and federal funds to help finance the project, would also attempt to use the state transportation bond bill and, of course, would also issue its own bonds for the project.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Ranney -- to approve management's method of selecting a design team for the Woods Hole Terminal Reconstruction Project and to authorize management to proceed with a Request for Qualifications for the services of a marine engineer, as proposed by management in Staff Summary #GM-596, dated April 10, 2012.

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

New Bedford-Martha's Vineyard Freight Service:

Mr. Lamson reported that the management staff had analyzed whether it would be financially feasible for the Authority to provide freight service between New Bedford and Martha's Vineyard and ultimately had concluded that it would not, not even during the peak summer months. Mr. Lamson stated that the analysis was based on a number of different variables, including the number of days the service would operate per week, the length of the vessel's operating day and the frequency of service, and that the total estimated incremental cost of operating the alternative New Bedford schedules from late June through early September ranged from $412,000 to $958,000 per year (not including any potential fees associated with the use of the New Bedford State Pier or any share of fixed costs such as marine insurance, depreciation or certain vessel maintenance expenses). Mr. Lamson observed that this meant that, in order to pay for itself, the service would have to generate the same amount of revenues in addition to the revenues the Authority is currently receiving from its Woods Hole-Martha's Vineyard service. Mr. Lamson stated that the management staff ultimately concluded that it would be unlikely that the estimated increment cost of the service would be offset by whatever additional revenue might be generated by the service (such as through higher tariff rates for the service).

Mr. Lamson stated that, as a result, management was instead proposing that the Authority issue a request for proposals from private vessel operators to provide freight service between New Bedford and Martha's Vineyard, which theoretically could be the most genuine way of testing whether the freight service is financially viable. In this regard, Mr. Lamson said, the Authority might allow the successful proponent to have a long-term license agreement, the free use of the Vineyard Haven terminal, and no obligation to pay any license fees.

Mr. Lamson also stated that the Port Council had voted at their meeting earlier this month similarly to recommend that the Authority work with the New Bedford Harbor Development Commission to issue an RFP from financially responsible private vessel operators to provide freight service between New Bedford and Martha's Vineyard, with the RFP being structured in the best manner to explore whether such a freight service can be financially viable, along with the potential opportunity to also provide freight service between New Bedford and Nantucket. Mr. Lamson noted, however, that five members of the Port Council had voted in favor of the recommendation and that two members had voted against it.

Mr. Marshall declared that he thought that management's staff summary on this matter was very well written and certainly very comprehensive, and that he agreed with the Port Council's recommendation. Indeed, Mr. Marshall said, he thought the Authority had to go further and that, while he appreciated all the reasons why the Authority itself might not be able to provide the freight service, the Authority needed to figure out how to do it. Mr. Marshall stated that he was concerned about the traffic on Woods Hole Road and that, even though the volume of the traffic had decreased, the issue was the quality of the traffic generated by the Authority's operations, such as trash trucks and tanker trucks. Mr. Marshall stated that the Authority was charged with the responsibility to bring some relief to Woods Hole with regard to that kind of traffic, and that New Bedford welcomed that kind of industrial use for its waterfront.

Mr. Marshall also stated that, for the first time in his many years as the Falmouth Member, he was starting to receive pressure from Town managers to do something about this traffic, and that he agreed with them. Mr. Marshall observed that the Authority will need cooperation from its neighbors when it begins to reconstruct its Woods Hole terminal, and in turn it should eliminate the trash trucks, tankers and prefabricated houses that are carried between Route 28 and Woods Hole as a result of its operations. Finally, Mr. Marshall declared that he was going to keep this discussion alive and that he was not going to go away quietly.

Mr. O'Brien then declared that all of the same comments could be said for Hyannis, which was even more of a residential area and consisted of all kinds of small streets instead of a state highway. For that reason, Mr. O'Brien said, he applauded Mr. Marshall's position and supported it wholeheartedly.

However, Mr. Balco reported that there was an ongoing effort on Martha's Vineyard toward making different shipping arrangements for all of the trash on the island by containerizing the trash, shipping the containers to New Bedford, and then loading them onto freight trains to Pennsylvania. Mr. Balco also noted that the Southeastern Massachusetts Resource Recovery Facility (known as SEMASS RRF) was going to close within a short period of time and that, as a result, some of the issues described by Mr. Marshall would be addressed.

Mr. Jones declared that he agreed with Messrs. Marshall and O'Brien and that the Authority needed to approach this subject as an Authority issue. Mr. Jones observed that the islands were affected by this traffic as well and, while he didn't know what could be done there, he did know what the Authority could do to alleviate some of the traffic in its mainland port communities. In this regard, Mr. Jones stated that the agreement the Authority entered into with the Town of Barnstable in 1997 had never been implemented, and issuing a request for proposals from private vessel operators was one of the first things the Authority could do to see if there is a firm that is willing to provide the service. Mr. Jones also stated that the RFP should include the possibility of providing freight service to Nantucket, because firms might be more interested in providing the service if they know they can provide it to both islands.

Nevertheless, Mr. Jones noted that he had studied this issue and did not know whether such a freight service would turn out to be financially feasible. In this regard, Mr. Jones observed that it takes a freight boat four hours to get to Nantucket and that it may take a barge as long as twelve hours, depending upon the tide. Mr. Jones encouraged the Members to issue an RFP so that, even if the service is found not to be financially feasible, the Authority will then have done its due diligence.

However, Mr. Hanover observed that, based upon his review of management's staff summary, he did not see New Bedford freight service as being viable for the Authority or for anyone else. Further, Mr. Hanover said, he would not want either Falmouth or Barnstable to lose the financial gains they have as the doorways to the islands. Mr. Hanover also agreed with Mr. Jones that the islands have the same traffic concerns as the mainland port communities, observing that Five Corners in Vineyard Haven is a mess. His initial reaction, Mr. Hanover said, was that the Authority should investigate whether fuel can be barged to the islands, which would take some of the heavier trucks off the roads.

Mr. Marshall stated that the Authority could look into whether barging was an option at the same time it issued a request for proposals from private vessel operators, and that the Authority should commit to moving forward with an aggressive analysis of all of the options. But Mr. Hanover declared that he did not agree with management's recommendation because it didn't make sense, and that the Authority should first look into barging as a possible solution. In response, Mr. Marshall moved to table discussion on this subject, and Mr. Ranney seconded his motion.

Mr. Ranney declared that, although he was representing Nantucket, he was sensitive to what Messrs. Marshall and O'Brien said about traffic through their communities. On the other hand, Mr. Ranney said, he was not certain that barging can be the answer, as he had been told that gasoline with ethanol was not able to be barged. Further, Mr. Ranney noted that allowing freight to be barged to the islands would result in lost business for the Authority.

Mr. Ranney stated that he agreed with the idea of tabling discussion on this subject because he thought it needs more research, and that management should be encouraged to talk with vessel operators and experts without issuing a formal request for proposals. Mr. Ranney noted that he was hesitant to issue an RFP not only because the whole question has been a thorn in Nantucket's side for a long time, but also because he thought it would be a waste of management's time since the staff already has concluded that it was not going to work.

Mr. Marshall declared that the pilot New Bedford-Martha's Vineyard freight service project that the Authority undertook in 2001 had been doomed from the start and never had a chance. But he noted that the Authority might be able to mitigate some of the cost of a new freight service, especially if the freight service was by barge, by running fewer trips between Woods Hole and Martha's Vineyard. Mr. Marshall also observed that the Authority might be able to carry more cars between Woods Hole and Martha's Vineyard if some of its truck traffic went out of New Bedford, and that no one in Woods Hole was complaining about the number of cars going through their community. The bottom line, Mr. Marshall said, was that while freight service from New Bedford might not generate much more revenue, it still would reduce the Authority's expenses one way or another.

Mr. Tierney then stated that the City of New Bedford was considerate of the traffic problems being experienced by both the Authority's mainland port communities and the islands, and that he had scheduled today's meeting in the San Francisco Room of the New Bedford Whaling Museum for a reason, namely, so that the other Members would have a good view of the New Bedford harbor. Mr. Tierney observed that New Bedford harbor is perfectly capable of handling anything, and that the City was even willing to take the islands' trash and hazardous waste because it would result in additional employment in New Bedford.

Mr. Balco then noted that the Authority will be meeting on Martha's Vineyard in July 2012, and he suggested that the Authority invite the island's towns to speak at that meeting about the status of their efforts to containerize and ship their trash to New Bedford. Mr. Tierney stated that he thought that was a good idea and, accordingly, that the motion to table further discussion of this subject at that time was in order.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to table discussion of the financial feasibility of providing freight service by vessel between New Bedford and Martha's Vineyard.

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

Treasurer's Report:

Mr. Davis reported that, during the month of March 2012, the Authority had carried more passengers (up 7.5%), more automobiles (up 6.3%) and fewer trucks (down 0.9%) than it had carried during the same month in 2011, and that the Authority's net operating loss for the month had been approximately $2,600,000, around $125,000 higher than what had been budgeted. Mr. Davis then reported that, as a result, the Authority's net operating loss for the first three months of 2012 had been around $525,000 higher than budgeted, which prompted Mr. Hanover to express his concern once again about the Authority's financial situation this year despite its increased traffic levels.

Mr. Davis further reported that the Authority has sold 700 high-speed ferry passenger ticket books so far this year, compared to having sold 155 by the same time in 2011. Mr. Davis also noted that the Authority sold 598 of the ticket books in the last seven days alone, due to the "welcome back" discounted ticket book promotion during the two weeks prior to the *M/V Iyanough's* return to service. Mr. Ranney thanked the management staff for recommending that promotion, declaring that he thought it was great publicity.

New Bedford Mayor Jonathan F. Mitchell:

During the Treasurer's Report, New Bedford Mayor Jonathan F. Mitchell welcomed the Members to New Bedford, emphasizing that the City wants the best possible relationship with each of the Authority's port communities and that his office is ready to facilitate whatever the Authority needs to be as successful and profitable as possible. Mayor Mitchell also asked each of the Members to send word back to their communities that New Bedford is open for business.

Hyannis Terminal Rental Car Services Lease:

Mr. Lamson then asked the Members to award Contract No. 06-12 for a Hyannis Terminal Rental Car Services Lease to Avis Budget Car Rental of Parsippany, New Jersey, noting that Avis Budget was the only rental car company to submit a proposal for the lease in response to a request for proposals the Authority had issued earlier in the year, and that its proposal contained a minimum guaranteed compensation to the Authority of $27,500 in year one and $28,000 in year two of the lease. In exchange, Mr. Lamson said, Avis Budget will be allowed to maintain office/counter space for ten vehicle spaces at the SSA's Hyannis terminal for the purpose of soliciting and providing rental cars. Mr. Lamson further reported that, under the lease, which will start on May 15, 2012 and end on May 14, 2014, the Authority will receive the greater of the annual minimum guaranteed amount or 10% of the gross rental revenues (net time and mileage) generated at the Hyannis terminal, and that the Authority also has the option to extend the lease for up to three one-year extensions, at its sole discretion.

Mr. Lamson also noted that Avis Budget has been renting cars through a pilot program at the Hyannis terminal since November 2011, during which time it has rented more than 200 vehicles and the Authority has received $2,288 in compensation. In addition, Mr. Lamson said, a new permanent counter space area is currently being constructed for Avis Budget next to the food concession area in the terminal's lobby.

Mr. Tierney observed that, by renting cars at the Hyannis terminal, the Authority was providing a great service to the public and generating some income at the same time. Mr. Lamson also assured the Members that they would receive periodic reports as to the number of cars that are rented.

In response to a question from Mr. O'Brien, Mr. Lamson stated that the rental cars would be staged in the Hyannis terminal's general staging area, although at a later time they might be relocated to the property located at 123 School Street which the Authority is acquiring from Elaine Karath. Mr. O'Brien then declared that, if the rental cars were going to be staged at that property, he would be opposed to this entire project, and Mr. Ranney stated that he probably would be as well. Although Mr. Lamson noted that the Authority now has less parking at the Hyannis terminal than it has had in the past due to some of the site improvements it has made over the past few years, Mr. O'Brien stated that the Authority would be creating a parking lot on the Karath property if it were to stage rental cars there, and that the Authority agreed with the Town of Barnstable not to create any more parking lots south of Main Street.

Mr. Jones stated that he agreed with Mr. O'Brien's statements, and he noted that the reason so many people were at the Port Council's meeting earlier that month was that a discussion of management's proposed Hyannis parking lot changes was listed on the agenda. Mr. Jones stated that it is important for the Authority not to do anything that will impact the Town, and that the Karath property should not be used for parking because such a use of that property would violate the Authority's agreement with the Town. In response to the comments made by Messrs. O'Brien and Jones, Mr. Lamson stated that he would be happy to discuss with them the logistics of the rental car staging at the Hyannis terminal and come up with a better plan.

However, Mr. Hanover questioned why the Town would object to the Authority staging a few rental cars at the Karath property when it never has objected to all of the private homes in the surrounding neighborhood parking cars on their properties. Mr. Jones acknowledged Mr. Hanover's point, but stated that no one wanted to address the issue of those private parking lots because the broom would have to sweep very wide. Finally, in response to a question from Mr. Ranney as to what use the Authority is going to make of the Karath property, Mr. Tierney stated that the discussion of that subject was for a later day.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Marshall -- to award Contract No. 06-12 for the Hyannis Terminal Rental Car Services Leases to Avis Budget Car Rental of Parsippany, New Jersey, as recommended by management in Staff Summary #TPF 2012-3, dated April 11, 2012, on the condition that the property being acquired by the Authority located at 123 School Street not be used for the staging or parking of any rental cars.

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

Port Council's Report:

Mr. Jones reported that, at their meeting earlier that month, the Port Council had reviewed most of what the Members had just discussed and that he had nothing more to add.

Salvage of the M/V Iyanough:

Mr. Ranney stated that, while he was on the *M/V Nantucket*, a passenger told him that the Authority had been very lucky that the *M/V Iyanough* had not gone onto the rocks when it broke free from its mooring at the Authority's Fairhaven Vessel Maintenance Facility on Sunday, February 12, 2012, and he asked what measures had been taken to make certain that such an incident does not happen again. In response, Mr. Walker stated that arrangements had now been made to have either Port Captain Gifford or Assistant Port Captain Charles Monteiro to inspect the mooring arrangement of any vessel at the facility whenever it is moved there. Mr. Walker also stated that he was in the process of obtaining quotes for an additional 12 to 16 cleats that will be installed on the dock so that the lines for the *M/V Iyanough* will have a better arrangement. In addition, Mr. Walker said, Maintenance Supervisor Gregory Baccari now makes a daily walk to inspect all of the lines.

In response to questions from Mr. Marshall, Mr. Walker stated that the *M/V Iyanough* had been sufficiently tied, but that after a while of being subjected to a 70 mile-per-hour wind gust, the line had snapped. Mr. Walker stated, however, that there was some liability there and that the Authority needed to do a better job. In response to a question from Mr. O'Brien as to who is responsible once a boat is tied up at the facility, Mr. Walker stated that, after the Port Captain or Assistant Port Captain inspects the mooring arrangement, it is the responsibility of the Engineering and Maintenance Department. In any event, Mr. O'Brien declared, this incident never should have happened.

Release to the Public of Portions of Executive Session Minutes:

Mr. Sayers recounted how the Members had voted in 1997 to delegate to the General Manager their responsibility to approve appropriate portions of the minutes of the Members' meetings in executive session for release to the public when the publication of such portions will no longer defeat the lawful purposes of the executive session. Mr. Sayers also noted that the Open Meeting Law had been amended on July 1, 2010 to require the Authority to review its executive session minutes at reasonable intervals to determine which portions of those minutes should be released to the public, and also to require the Authority to announce that determination at the Members' next meeting in public session, and to include that announcement in the minutes of the meeting as well.

Mr. Sayers stated that, pursuant to these requirements, Mr. Lamson had determined that all portions of the minutes of the Members' meetings in executive session from July 1, 2010 through December 31, 2011 should be released to the public except for the portions of the minutes reflecting the Members' discussions and actions about the following matters:

1. Pending or anticipated litigation matters;
2. Pending or anticipated collective bargaining negotiations;
3. Pending or anticipated negotiations for the purchase, exchange, lease or value of real estate;
4. Pending or anticipated contract negotiations with non-union personnel;
5. Pending or anticipated investigations of charges of criminal misconduct or considerations of the filing of criminal complaints;
6. Information protected from disclosure under Mass. G.L. c. 4, § 7, cl. 26th, and now explicitly under Mass. G.L. c. 30A, § 22(e) as well;
7. Discussions protected by the attorney-client privilege; and
8. Security matters.

As a result, Mr. Sayers said, the portions of the minutes of the Members' meetings in executive session from July 1, 2010 through December 31, 2011 that have been released to the public, subject to the above limitations, include those pertaining to:

(a) the Authority's collective bargaining negotiations with Teamsters Union Local No. 59 for new collective bargaining agreements for the Authority's agency and terminal employees, maintenance employees, parking lot attendants and bus drivers, and security employees;

(b) the Authority's collective bargaining negotiations with District No. 1 – PCD, MEBA (AFL-CIO) for a new collective bargaining agreement for the Authority's licensed engineering officers;

(c) the Authority's strategy with respect to its contracts with non-union employees, including its retirement plan for those employees, its 2011 pay program for those employees, and the amount of those employees' contribution toward the cost of their medical coverage;

(d) the Authority's negotiations of leases for its Martha's Vineyard Reservation Office, for use of the Falmouth High School parking lot, and with the Town of Oak Bluffs;

(e) the Authority's real estate negotiations with Falmouth Youth Hockey League, Inc., the Town of Falmouth and Elaine Karath, and the potential acquisition of property at the intersection of South and Pleasant Streets in Hyannis;

(f) lawsuits and complaints of discrimination against the Authority by former employees John Halbert, James Stovich and Shauna Fullin;

(g) the Authority's lawsuit against Tisbury Towing & Transportation Company, Inc.; and

(h) potential litigation involving the Cape Wind Project and regarding the whistle once thought to be from the *SS Martha's Vineyard* (and now thought to be from the *SS Naushon*).

At approximately 11:44 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, 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 Childs Engineering Corporation, the Maguire Group, Inc. and Eugene and Roslyn Ratner. After Mr. Tierney 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. 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. Tierney	**10 %**	
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**100 %**	**0 %**

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

May 15, 2012

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 15th day of May, 2012, beginning at 9:30 a.m., in the second floor meeting room of the Authority's Hyannis terminal, located at the 141 School Street, Hyannis, Massachusetts. All five Members were present: Chairman John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Chairman S. Eric Asendorf of Falmouth; Port Council Vice Chairman Robert R. Jones of Barnstable, Port Council Secretary George J. Balco of Tisbury, and Port Council members Frank J. Rezendes of Fairhaven 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; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve the minutes of the Members' meeting in public session on April 17, 2012.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for March 2012, 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 7.5%), more automobiles (up 6.3%) and fewer trucks (down 0.9%) during the month than it had carried during the same month in 2011. Mr. Lamson also reported that the Authority's operating revenues for the month were $106,000 higher than projected and that the Authority's operating expenses for the month also were $131,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $2,506,000, which was $25,000 higher than projected.

In response to a question from Mr. Marshall, Mr. Lamson stated that he did not know why, when all of the Authority's other revenues were higher, the Authority's parking revenues were lower this year than in 2011. Mr. Marshall then commented that he hoped the Authority was in fact receiving all of the cash that customers were paying to park in the Authority's parking lots.

Mr. Lamson further reported that, for the first three months of 2012, the Authority's operating revenues had been $314,000 higher than projected, and the Authority's operating expenses had been $870,000 higher than projected, due primarily to higher dry-dock expenses and dolphin repairs, some of which had been anticipated to have been completed by the end of 2011, as well as certain payroll accounts. As a result, Mr. Lamson said, the Authority's net operating loss for the first three months of 2012 had been $8,569,000, around $556,000 higher than projected.

M/V Eagle Mid-Life Refurbishment Project:

Mr. Walker reported that the *M/V Eagle* had gone back into service on the Nantucket route as scheduled on May 7th following the completion of its mid-life refurbishment and that he wanted to thank Thames Shipyard, Jamestown Metal Marine Sales, Inc. (Thames' joiner contractor), Senior Captain Jim Corbett, Senior Chief Engineer Steve Paglierani, Port Engineer Steve Clifford and Captain Ed Jackson for all of their great work on the project, which he felt came out very well. Mr. Ranney agreed, reporting that 100% of the Nantucketers he has spoken with love all the work that has been done, and that everyone thinks it was a beautiful job.

Mr. Walker observed that this had been a big project for Thames, and that they had used outside contractors which they normally don't like to do. Mr. Walker also stated that the Authority still had open change orders with Thames and that he had scheduled a meeting for the following Monday in order to wrap those up.

Palmer Avenue Parking Lot Improvements:

Mr. Walker then reported that all of the engineering has been completed for the improvements at the Authority's Palmer Avenue parking lot (including the demolition of the ice arena on Skating Lane), which originally had been estimated to cost $425,000 before the decision was made to pave the area and provide for drainage. Mr. Walker stated that the additional paving and drainage work had considerably increased the cost estimate, which is now more than $1,000,000 plus a contingency that has brought it up to around $1,500,000, and that the estimate also includes cleaning up a small amount of hazardous materials. As a result, Mr. Walker said, even though the invitation for bids for the contract is ready to be issued now, the Authority will be delaying the improvements until late this year or early next year.

Mr. Walker also noted that because Falmouth Youth Hockey League is still going to be using the Skating Lane ice rink into June 2012, the project would not have been completed in time to provide additional parking spaces this summer anyway. However, Mr. Walker stated that when Falmouth Youth Hockey League does vacate the rink, the Authority will pave over a traffic island in front of the rink's entrance in order to provide a few more parking spaces this summer. Mr. Lamson also noted that the Authority will be able to use more spaces in the lower lot off of Skating Lane as well.

Website Redesign Project:

Mr. Lamson reported that the Authority was still not in a position to launch its new website, although he hoped to have better news by the time of the Members' next meeting in June 2012. Mr. Lamson recounted how, over the past few months, management has been testing and debugging the site, and continues to find problems in the processing of reservations, changes and cancellations, as well as other issues, that need to be cleared up before going live. In these circumstances, Mr. Lamson said, he was not going to authorize the launching of the new website until he is convinced that it is functioning correctly in all material respects. Further, Mr. Lamson noted that if the Authority is not able to launch the new website by mid-June, it will have to wait until after the peak summer season has passed to make certain that there are not even more problems.

Mr. Lamson also noted that the Authority was at the mercy of iMarc, the firm that is designing the website, with respect to when the project will be completed, and that iMarc may have underestimated the project's complexity. However, Mr. Lamson said, when the website is launched, it will result in many benefits to the Authority's customers who use the website, such as being able to filter the website by island and being able to navigate the website and book their reservations more easily.

Mr. Lamson stated that it was very frustrating to have this great project 98% complete but not be in shape to go live with it. In this regard, Mr. Lamson recounted how the staff has been meeting with iMarc twice a week to review what is being accomplished and often new changes cause other functions of the website to work incorrectly when they had worked correctly before those changes were made. In response to questions from the Members, Mr. Lamson stated that these changes were not increasing the cost of the project and that the Authority twice had revised the schedule of payments to iMarc to match the project's slower progress. At that moment, Mr. Lamson said, the Authority had paid iMarc approximately 90% of the total price and Mr. Tierney recommended that the Authority hold off making any more payments until the project is completed.

Mr. Lamson also reported that improvements will continue to be made to the new website even after it is launched. For example, Mr. Lamson said, completing the Headstart Reservations functions has been deferred for the moment because they won't be used until the end of the year. Mr. Lamson also stated that he expects that, once the new website is launched, customers will have suggestions that can be incorporated into the website to improve it even more.

Ms. Claffey also emphasized that, while the project was 98% complete, management did not want to go live with the website because it needs to work very, very well for the Authority's customers. Ms. Claffey also noted that the meetings being held twice a week represented only part of the process, because the testing of all of the functions and reporting problems back to iMarc was complicated, significant, extensive and time-consuming. The Members agreed with management's approach, and Mr. Hanover observed that the website had to process many different types of reservations, as well as reservation changes and cancellations, and that it was not like just buying a seat on JetBlue.

Lease with the Town of Oak Bluffs:

Mr. Lamson then asked the Members for approval of the renewal of the Authority's lease with the Town of Oak Bluffs for a portion of Sea View Avenue in front of the Oak Bluffs terminal to be used as a staging area for vehicles going on the Authority's vessels, in the form attached to Staff Summary #GM-597, dated May 10, 2012. Mr. Lamson noted that, under the new lease, which is still subject to review and approval by the Oak Bluffs Board of Selectmen, the Authority's annual rent will be $10,000 and future rent increases will be tied to the Consumer Price Index instead of the previous formula based on the Authority's fares and number of days during the year the Oak Bluffs terminal is open. Mr. Lamson stated that Oak Bluffs' new Town Administrator had expressed a desire to make this change in the new lease and that the Port Council had voted at their last meeting to recommend that the Members vote to approve it.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to approve the terms of a new five-year lease with the Town of Oak Bluffs for a portion of Sea View Avenue in front of the Authority's Oak Bluffs terminal, in the form attached to Staff Summary #GM-597, dated May 10, 2012, and to authorize the General Manager to execute the lease on behalf of the Authority.

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

Hyannis Parking Permits:

Mr. Lamson then reported that 35 parking permit holders had renewed their permits to park onsite at the Authority's Hyannis terminal on a year-round basis, which will make a significant number of the 72 parking spaces at the terminal available for daily parking by the general public this summer. In addition, Mr. Lamson reported, ten other parking permit holders have bought new permits that allow them to park at the terminal only during the off-season (and at an off-site lot during the summer), while all of the 91 other permit holders will be parking at either the Authority's Lewis Bay Road lot or its Yarmouth Road lot on a year-round basis.

In response to questions from the Members, Mr. Lamson stated that the Authority initially will not be offering reservations for parking spaces at the Hyannis terminal. Rather, Mr. Lamson said, the Authority's website will inform customers that they can now park at the terminal on a daily basis when spaces are available and, when the customers arrive in Hyannis, they can check the Authority' mobile website to see what the then current situation is.

Mr. Lamson also stated that Mr. Rozum was working on developing a parking reservation system that will allow the Authority to offer reservations for these parking spaces online. However, Mr. Lamson agreed with the Members' observations that the Authority will not be able to offer reservations for all of the spaces that are theoretically available, as some customers may end up staying on Nantucket for more days than they originally plan, thereby leaving their cars in spaces that have been reserved by new customers. Accordingly, Mr. Lamson said, the new system will have to be able to keep track of how many spaces are actually being used each day as well as how many spaces are reserved.

2011 Analysis of Rates versus Cost of Service:

Mr. Davis reviewed his analysis of the effectiveness of the Authority's rate structure to cover the respective cost of service for passengers, automobiles and trucks on each route during 2011, as set forth in Staff Summary #A-544, dated May 7, 2012. Mr. Davis noted that one of the purposes of this analysis is to see which categories of customers (*e.g.*, standard fare automobile customers, excursion customers, freight shippers) are effectively being subsidized by other categories of customers and, therefore, in the interest of fairness might be called upon to pick up a little more of the cost of service in the event the need arises for a rate increase.

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

(a) Total vessel operating costs decreased by 1.1% in 2011, with lower maintenance costs and higher fuel costs. Indirect non-vessel costs increased by 0.9% and, overall, the cost of service on the Martha's Vineyard route decreased by 0.1% from 2010.

(b) The number of trips operated increased by 134 in 2011, with total capacity for the year increasing by 4,620 car-equivalent unit spaces. The number of spaces occupied increased by only 38, or 0.0%, from 2010, and the occupancy rate of 78.3% for the year was a decrease of 0.5% from 2010.

(c) The estimated cost of a car-equivalent unit space was $49.05 in 2011. On average, automobiles covered 94.6% of their allocated cost of service, with standard fare automobiles covering 129.7% and excursion fare automobiles covering 38.5%. By comparison, on average, trucks were covering 110.0% of their allocated cost of service.

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

(a) Total vessel operating costs increased by only 0.1% from 2010, primarily due to increases in fuel expense; and the amount of indirect non-vessel costs allocated to the Nantucket route increased by 1.7% primarily due to the allocation of the expense of administration. As a result, the overall cost of service for the Nantucket route increased by 0.8% from 2010.

(b) The number of trips increased by 64 in 2011 (resulting in 3,080 more spaces), but the total number of spaces occupied decreased by 532, resulting in a decrease in the occupancy rate from 77.9% to 76.5%.

(c) The estimated cost of a car-equivalent unit space was $119.67 in 2011. On average, automobiles were covering 121.9% of their allocated cost of service, with standard fare automobiles covering 161.9% and excursion fare automobiles covering 41.0%. By comparison, on average, trucks were covering 89.3% of their allocated cost of service.

Treasurer's Report:

Mr. Davis reported that, during the month of April 2012, the Authority had carried more passengers (up 8.3%), more automobiles (up 9.0%) and more trucks (up 1.4%) than it had carried during the same month in 2011, and that the Authority's net operating loss for the month had been approximately $1,000,000, around $150,000 lower than what had been budgeted. Mr. Davis then reported that, as a result, the Authority's net operating loss for the first four months of 2012 had been approximately $9,600,000, around $400,000 higher than budgeted.

Mr. Davis also stated that he had discovered the reason why the number of gallons of fuel consumed for the year was higher than budget assumptions, namely, because the budget had assumed that the *M/V Island Home* would be making six round trips between Woods Hole and Vineyard Haven five days of the week, with an additional one-way trip on Fridays and Sundays, through April 17, 2012, while the *M/V Island Home* was actually making seven round trips between Woods Hole and Vineyard Haven five days a week, with one fewer one-way trip on Fridays and Sundays, during this time period. As a result of this mistake, Mr. Davis said, the Authority's vessel fuel expense for the year will be around $50,000 more than budgeted.

Mr. Davis also reported that the Authority's independent auditors were requiring the Authority to designate a portion of its withdrawal liability payments to the New England Teamsters & Trucking Industry Pension Fund as interest expense, which will result in lowering the Authority's 2012 net income by another $600,000. Mr. Marshall noted that the auditors' decision simply did not make sense, that the Authority in fact was not paying any interest on the withdrawal liability payments, and that the auditors themselves previously had advised the Authority that no portion of the withdrawal liability payments would have to be treated as an expense item. Mr. Davis agreed, and observed that how the auditors decided what interest rate was to be imputed with respect to the withdrawal liability payments (which ended up being a blend of interest rates on long-term Treasury issues and the Authority's own debt service) also seemed very subjective. However, Mr. Jones pointed out that it ultimately won't make any difference to the Authority how those payments are characterized for accounting purposes, as the Authority already has taken them into account for purposes of its cash flow.

Mr. Lamson reported that Mr. Davis also has updated the Authority's traffic projections for September through December 2012 (using traffic figures for the same months in 2011 instead of 2010, which were the figures used in the budget), which indicate that the Authority's anticipated revenues for those months need to be lowered by around $300,000. However, Mr. Lamson noted that those traffic projections still reflect the impact of Tropical Storm Irene and, therefore, assume that the Authority will be faced with another tropical storm during the 2012 summer season.

Finally, Mr. Davis reported that the Authority has sold 2,035 high-speed ferry passenger ticket books through April of this year, compared to having sold 320 by the same time in 2011. Mr. Davis noted that 1,855 of these ticket books were sold during the two-week "welcome back" promotion prior to the *M/V Iyanough's* return to service. Mr. Davis also stated that the Authority this year already had sold 260 fast ferry one-day round trip tickets originating in Hyannis, 51 fast ferry one-day round trip tickets originating on Nantucket, and 213 1-3 day combination passenger tickets originating on Nantucket.

Vessel Sewage Pump-Out Facilities:

Mr. Lamson then asked the Members to award Contract No. 01-12 for the Authority's Vessel Sewage Pump-Out Facilities Project to Robert B. Our., Incorporated of Harwich, Massachusetts, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $1,893,000. Mr. Lamson stated that the contractor will construct sewage pump-out facilities at the Authority's Hyannis, Nantucket, Woods Hole and Vineyard Haven terminals to allow the Authority's vessels to discharge their sewage at their respective night berths, and that construction will begin this fall with anticipated completion by the spring of 2013. Meanwhile, Mr. Lamson said, when the Authority's vessels are dry-docked over the next two-to-three years, each of them will be modified with sewage holding tanks so that their sewage can be collected and discharged daily when they tie up at the end of each operating day. Mr. Lamson also noted that the Authority has received a $1,270,000 grant through the U.S. Department of Transportation's Ferry Boat Discretionary Program to help pay for this project, which is needed so that the areas of Nantucket Sound and Vineyard Sound can be designated by the Environmental Protection Agency as No Discharge Zones.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract No. 01-12 for the Vessel Sewage Pump-Out Facilities Project to the lowest eligible and responsible bidder for the contract, Robert B. Our., Incorporated of Harwich, Massachusetts, for a Total Contract Price of $1,893,000, as recommended by management in Staff Summary #2012-3, dated May 9, 2012.

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

Port Council's Report:

Mr. Asendorf reported that, at their meeting earlier that month, in addition to all of the items that the Members had just discussed, the Port Council had spent a lot of time thoroughly reviewing Mr. Davis' analysis of rates versus cost of service for the year 2011, concluding that the cost of service for each islands is properly allocated and distributed among the various categories of Authority customers. Mr. Asendorf also reported that the Port Council had discussed the possibility of a merchandising program, and he emphasized that any such program needed to offer something that people will actually want to buy.

Mr. Jones also noted that items being offered by one of the potential merchandising firms were manufactured outside the United States and that the Port Council had also discussed how important it is for the Authority to sell products that are made in America. Mr. Lamson then stated that, rather than selecting one firm, management will be issuing a request for proposals from a number of firms and, after those proposals are evaluated, will be presenting a recommendation to the Members for their consideration.

Barging Trash from Martha's Vineyard to New Bedford:

Mr. Hanover announced that the Towns of Tisbury and Oak Bluffs have entered into a ten-year agreement with the Greater New Bedford Regional Refuse Management District for the purpose of disposing their trash at the District's landfill. Mr. Hanover also announced that Tisbury's Director of Public Works, Fred Lapiana, had done an outstanding job in negotiating the agreement, which will result in being able to dispose of the Towns' trash at the landfill at a substantially reduced rate from what they are now paying.

Mr. Hanover also recounted how Mr. Lapiana's original plan was to continue to truck the trash to New Bedford, but that the prior week there had been a productive meeting with Mr. Lapiana, Tisbury Town Manager John Bugbee, Tisbury Harbor Master Jay Wilbur and Ralph Packer about the possibility of Mr. Packer barging the trash to New Bedford instead of having it carried on the Authority's vessels. Mr. Hanover stated that the parties will hopefully figure out how it is all going to work in a few more meetings. Finally, Messrs. Hanover and Balco noted that Mr. Lapiana has been scheduled to make a presentation to the Members on the status of these efforts at their July 17, 2012 meeting on Martha's Vineyard.

Mr. Marshall observed that all parties needed to stay focused on this huge initiative and he thanked everyone who has been involved in it.

Evaluation of the General Manager:

Mr. Sayers then reviewed a proposed form and process to be used by the Members in conducting Mr. Lamson's performance evaluation, as described in Staff Summary #L-411, dated May 8, 2012. Mr. Marshall stated that he agreed with the process, but suggested that all of the Members complete their performance evaluation forms in advance of their June 19, 2012 meeting and provide them to Mr. Parent for consolidation into one form for discussion at that meeting. Mr. Marshall also suggested that the Port Council follow a similar process to reduce the amount of time spent on this matter at each of their respective meetings.

Pursuant to Mr. Marshall's suggestion, the Port Council members who were present at the meeting agreed to complete and provide their evaluation forms to Mr. Parent by May 25, 2012 so that they can be consolidated for discussion at their June 6, 2012 meeting, and the Members agreed to complete and provide their evaluation forms to Mr. Parent by June 8, 2012 so that they can be consolidated (along with the Port Council's consolidated form) for discussion at their June 19, 2012 meeting.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to adopt the form attached to Staff Summary #L-411, dated May 8, 2012, for the performance evaluation of the General Manager, with the understanding that both the Members and the Port Council members will submit their evaluation forms in advance of their respective meetings so that one consolidated form can be prepared for discussion at each of those meetings.

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

At approximately 10:40 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, 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 Childs Engineering Corporation, the Maguire Group, Inc. and Eugene and Roslyn Ratner. After Mr. Tierney 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. 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. Tierney	**10 %**	
Mr. Ranney	**35 %**	
Mr. O'Brien	**10 %**	
Mr. Hanover	**35 %**	
Mr. Marshall	**10 %**	
TOTAL	**100 %**	**0 %**

A TRUE RECORD

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

June 19, 2012

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 19th day of June, 2012, 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 John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Vice Chairman Robert R. Jones of Barnstable, Port Council Secretary George J. Balco of Tisbury, and Port Council members Frank J. Rezendes of Fairhaven, Nathaniel E. 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; Director of Marketing Kimberlee McHugh; Reservations and Community Relations Manager Gina Barboza; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on May 15, 2012, with the correction noted by Mr. Ranney on page 9 thereof.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for April 2012, 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 8.3%), more automobiles (up 9.0%) and more trucks (up 1.4%) during the month than it had carried during the same month in 2011. Mr. Lamson also reported that the Authority's operating revenues for the month were $228,000 higher than projected and that the Authority's operating expenses for the month also were $56,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $1,011,000, which was $174,000 lower than projected.

Mr. Lamson further reported that, for the first four months of 2012, the Authority's operating revenues had been $544,000 higher than projected, the Authority's operating expenses had been $730,000 higher than projected, due primarily to higher maintenance and vessel fuel oil expenses, and the Authority's other expenses had been $196,000 higher than projected due to the recognition of imputed interest expense on the Authority's withdrawal liability payments to the New England Teamsters & Trucking Industry Pension Fund. As a result, Mr. Lamson said, the Authority's net operating loss for the first four months of 2012 had been $9,580,000, around $382,000 higher than projected.

In response to a question from Mr. Marshall, Mr. Davis stated that fuel prices had exceeded the strike prices of the Authority's fuel hedging program during some portions of the first three months of 2012, but that fuel prices had declined considerably over the last month or so. Mr. Davis also noted that, as a result of that decline in fuel prices, the Authority's fuel expense for the month of May 2012 was expected to end up around $14,000 lower than what had been budgeted.

In response to a question from Mr. Hanover, Mr. Davis stated that the Authority had been holding off on executing any further hedges for 2013 because its consultant felt that fuel prices were going to continue to decline, but that after waiting for some time the Authority had executed additional hedges for more of next year. As a result, Mr. Davis said, the Authority was fully hedged for the first quarter of 2013 and partially hedged for the second quarter, and the Authority will hopefully be hedged for as much of 2013 as possible by the time its 2013 Operating Budget is prepared later this year.

Mr. Davis then cautioned the Members that the Authority's hedging program was similar to an insurance policy in that it may not result in any cost savings over the long term. Rather, Mr. Davis said, it will prevent the Authority from having to pay huge spikes in fuel oil prices of the kind that occurred in 2011 which resulted in a net savings from the program of around $600,000 through the end of last year. However, Mr. Davis noted that, through the end of May 2012 the Authority probably has now spent as much money purchasing options as it previously has saved in having its fuel prices effectively capped at the program's strike prices.

Website Redesign Project:

After recounting how he had reported last month that he was not planning to authorize the launching of Authority's new website until he was convinced that it is functioning correctly in all material respects, Mr. Lamson informed the Members that there were still too many issues for the website to be launched this summer and that most of the issues relate to customers' ability to make vehicle reservations. As a result, Mr. Lamson said, the Authority will not be launching its new website until the fall, and at that time other aspects of the website which had been deferred (such as the ability to make Headstart reservations and perform site searches) will be finished and functional as well. Mr. Lamson noted that, while this delay is unfortunate, the management staff had concluded that it is necessary to make certain that everything is working the way it should be when the website is launched and will also give the Authority the chance to have some regular users test the new site over the summer to see if there is anything that was missed or needs to be tweaked.

In response to a question from Mr. Ranney, Mr. Lamson stated that part of the delay was attributable to the complicated nature of the Authority's fare structure and numerous policies. Mr. Lamson also noted that the Authority's reservation system was more advanced than the reservation systems of other major ferry operators such as Washington State Ferries, which was just now beginning to develop its own reservation system.

Also in response to a question from Mr. Ranney, Mr. Lamson stated that he intended to ask people who have expressed frustration with the Authority's current website to test the new website over the summer, including James Ranney (who had asked that the new website be more user friendly for each island's residents) and Mark Snider (who had asked that the new website be more user friendly for people who have never visited the islands before). In addition, Mr. Lamson noted that tests will need to be conducted on different computers because the website can behave in different ways depending upon what browsers and software are being used, especially for those individuals who have not updated their computers for some time.

Also in response to a question from Mr. Ranney, Mr. Lamson stated that iMarc's original proposal was to complete the website for $225,000, but that management was going to talk with the firm not only about a revised schedule for finishing its work, but also about a revised payment schedule that both sides can accept as fair. For example, Mr. Lamson noted that while some of the items that still need to be completed are within the scope of the original proposal, other items had not been included in the functional requirements document because they had not been fully explained at the beginning of the project. Mr. Lamson also declared that he would not recommend changing website developers at this time, observing that the Authority will be relying on iMarc for the website's regular maintenance even though the Authority will own the system when it is finished and will be able to change items (such as schedules, rates and upcoming events) on its own.

At this time, Mr. Tierney acknowledged the presence of Nantucket Town Manager C. Elizabeth Gibson in the audience.

Proposed 2013 Winter and Spring Vessel Operating Schedules:

Mr. Lamson then presented the preliminary draft of management's proposed 2013 Winter and Spring Vessel Operating Schedules, as set forth in Staff Summary #RCR 01-12, dated June 14, 2012, for discussion purposes only, noting that the Members do not have to approve these schedules until their meeting next month. Mr. Lamson observed that the proposed schedules are pretty much the same as the ones the Authority operated this past year, except that the winter schedule starts three days earlier and ends eight days earlier than in 2012 (beginning on January 1, 2013 and ending on April 9, 2013), and, as a result, the spring schedule starts eight days earlier than in 2012 (on April 10, 2013). Mr. Lamson also observed that management's proposed spring schedule also ends five days earlier than in 2012 (on May 15, 2013), which means that the summer schedule would similarly start five days earlier.

Mr. Lamson stated that the most significant proposed change in next year's proposed spring schedule is to have the freight boat on the Martha's Vineyard route operate on an earlier daily schedule similar to the *Governor's* new schedule this summer. Mr. Lamson reported that this new freight boat schedule was working well and had allowed the Authority to move more trips into the earlier part of the morning, which is when many freight shippers and island residents want to travel.

In response to a question from Mr. Hanover, Mr. Lamson stated that the Oak Bluffs terminal might also open five days earlier next year to coincide with the start of the summer schedule, although management had not yet discussed that subject. Mr. Lamson also noted that the Authority may have started the summer schedules slightly too late this year and that it generally makes more sense to open the terminal at the start of the summer schedule. Mr. Hanover also reported that the Oak Bluffs Selectmen felt they lost a week of ferry service due to the later opening of the terminal this year.

Also in response to a question from Mr. Hanover, Mr. Lamson stated that, as a result of starting earlier in the day, the freight boat would be tying up earlier in the afternoon, but that the greater demand for service is in the morning. Mr. Walker also stated that the *Island Home* will be out of service from March 8 through May 9, 2013 for its regular overhaul, which includes a dry-docking during that time. Mr. Walker also stated that he was putting the package together for that work, which will be a standard dry-docking and will most likely be performed by a local shipyard, depending upon the bids and the transportation costs that are included in the bids. Finally, Mr. Walker stated that the whistle is up and operating on the *Martha's Vineyard*.

Budget Policy Statement:

Mr. Davis requested that the Members adopt management's proposed 2013 Budget Policy Statement that sets forth the guidelines to be used in the preparation of the Authority's 2013 Operating Budget. Specifically, Mr. Davis noted that the proposed 2013 Budget Policy Statement would require the Authority, among other things:

- to base projected operating revenue primarily on actual traffic statistics for the most recent twelve months, although an adjustment would be applied to August 2011 traffic levels because of the impact of Hurricane Irene last year;

- to identify significant terminal repairs and maintenance that will need to be accomplished;

- to schedule the vessels that will be dry-docked (the *Island Home*, the *Nantucket*, the *Katama* and the *Gay Head*);

- to assume that no new positions are to be added next year and that vessel manning will be in accordance with all legal and contractual requirements;

- to take into account our expected training expenses due to the continuation of STCW basic training, Marine Evacuation Slide (MES) training and other programs; and

- to factor in health care and insurance costs.

Mr. Davis noted that, as usual, the most difficult expense to estimate for next year will be the cost of fuel oil. Currently, Mr. Davis said, the barrel price for crude oil is trading in the $80-$90 range, while a year ago it was trading in the $90-$100 range (and last month it was trading in the $105-$110 range). Mr. Davis observed that the Authority's hedge program for vessel fuel is currently extended through the first quarter of 2013, with an average cost of $3.47 per gallon, and partially extended through the following quarter.

Mr. Davis also stated that the proposed 2013 Budget Policy Statement would require the Authority to maintain sufficient fund balances to meet scheduled debt service requirements and to adequately fund cash transfers to the Replacement Fund (in an amount not less than this year's anticipated transfer of $6,500,000 but not to exceed the Authority's projected depreciation expense for 2012, which is currently estimated at $9,500,000). Finally, as a last resort, Mr. Davis said, the 2013 Operating Budget would include additional revenues needed from proposed rate increases to cover the projected cost of service and, if additional revenues are required, management would explore the feasibility of instituting a peak pricing program as a part of any rate adjustments. Mr. Davis stated that, after management prepares a preliminary budget using these guidelines, it will be presented to the Board for discussion in September, with the final version of the budget approved in October.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to adopt the Authority's 2013 Budget Policy Statement, in the form proposed by management in Staff Summary #A-545, dated June 13, 2012.

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

Treasurer's Report:

Mr. Davis reported that, during the month of May 2012, the Authority had carried more passengers (up 4.7%), more automobiles (up 3.4%) and more trucks (up 3.6%) than it had carried during the same month in 2011, and that the Authority's net operating income for the month was expected to be around $525,000, approximately $175,000 higher than what had been budgeted for the month. Mr. Davis also reported that, this year through May 2012, the Authority had sold 2,507 10-ride ticket books for the *Iyanough*, which represented an increase of 1,565 ticket books from the number of ticket books sold during the same time period in 2011. After Mr. Ranney observed that many of these ticket books had been sold at a 20% discount during April 2012, Mr. Davis acknowledged that management will have to review the overall impact of that promotion and that hopefully it resulted in increased ridership.

Port Council's Report:

Mr. Jones reported that, at their meeting earlier that month, the Port Council briefly had discussed the recent condition survey of the Authority's vessels, which he said will be reviewed further by management before being considered by the Port Council more formally in a few months. Mr. Jones noted, however, that Mr. Lamson would be exploring ways to extend the useful life of each of the Authority's vessels to 50 years, although at some point it becomes better to buy a new vessel than repair an old one and management will need to prioritize which vessels need to be replaced.

Mr. Jones reported that the Port Council similarly had been disappointed by the fact that the Authority had not yet launched its new website, although they acknowledged the complexities of the project despite the feeling that iMarc should have anticipated at least some of the problems. Mr. Jones stated that, although they were pleased that the problems are being addressed, the Port Council remained concerned about the amount of the project's cost overruns, which he noted was unknown at that time. Mr. Jones also reported that:

- the Port Council had been informed that, after the Authority increased the number of parking spaces at its Hyannis terminal that are available for daily parkers, the parking revenues at that lot had increased by 70%;
- the Port Council had briefly discussed how the Authority needs to make better use of its MAXIMO computerized maintenance program and how the Authority needs to place more money into its Replacement Fund in order to fund its anticipated vessel replacements;
- Mr. Balco had suggested that the Authority consider using some of the funds in its Bond Redemption Account to purchase Steamship Bonds on the open market;
- The Port Council had expressed concern that the Nantucket route is currently projected to operate at a deficit this year of around $1,500,000; and
- The Port Council had been unanimous in their opinion that Mr. Lamson has done a wonderful job as General Manager, giving him high marks on his performance evaluation and commending him for the work he has done.

In response to a question from Mr. Ranney, Mr. Balco stated that, even though almost all of the Authority's Steamship Bonds are currently selling at over their par value, the Authority still might be able to obtain a better return on its money by purchasing them on the open market because they are paying interest at higher-than-market rates. Mr. Balco also stated that the Authority might be able to reduce its outstanding debt less expensively this way than by refunding those bonds. Mr. Lamson agreed that the Authority should consider this approach, noting that the question is how much of a premium the Authority should be willing to pay in order to buy back its bonds that are paying high interest rates. Accordingly, Mr. Lamson stated that management would look into this issue and develop recommendations for the Members' consideration.

After the Port Council's report, the Members thanked them for all of the good work they do, and expressed the Members' appreciation for their efforts.

Performance Evaluation of the General Manager:

Mr. Marshall began the discussion of Mr. Lamson's performance evaluation by echoing the statement made by Mr. Jones in his Port Council's report that there is not anyone else who he would prefer to see as the Authority's General Manager, observing that Mr. Lamson, with the management staff under his guidance, does a great job. However, Mr. Marshall said, he felt compelled to be somewhat harsh on a few items:

- Mr. Marshall stated that the Authority's new website is particularly troubling, observing that the Authority is not attempting to reinvent the world of website design and, therefore, he does not understand why we find ourselves in our current position. Mr. Marshall noted that, while he fully supports Mr. Lamson's decision not to launch the website yet, it is still disappointing that the Authority has not been able to accomplish what everyone thought we were going to be able to do.

- Mr. Marshall stated that the other issue he was particularly concerned about was the New Bedford issue and that he needed to see more analysis of what the Authority's options are in this area because he was not convinced that there is not something the Authority can do somehow at some level that can provide some relief for Hyannis and Woods Hole, especially since New Bedford is anxious to increase its participation in the transportation network for the islands. Accordingly, Mr. Marshall said, he will continue to make his position clear on this issue.

- Mr. Marshall also expressed his frustration over the Authority's revised Procurement Policy, which he observed was overwhelmingly awkward and clumsy in reflecting what Mr. Sayers' interpretation is of requirements imposed by the Attorney General's Office.

Nevertheless, Mr. Marshall declared that nobody is better than Mr. Lamson with respect to the elements of management described in the second part of the performance evaluation and that overall Mr. Lamson has done a great job.

Mr. Ranney stated that he agreed with Mr. Marshall's comments about the Authority's new website, that he too was disappointed that it was taking too long, and that maybe iMarc had not read the requirements properly or asked the right questions. Mr. Ranney also expressed his frustration over how long passengers have to wait to disembark from the *Iyanough* until all of the luggage carts are offloaded, and he declared that he did not understand why there was not a better way even with the need to address accessibility issues. Otherwise, Mr. Ranney said, he was extremely happy with Mr. Lamson and he hoped that Mr. Lamson stays with the Authority for ten years or more.

Mr. O'Brien declared that the Authority was extremely fortunate to have Mr. Lamson and that he has done a wonderful job. After Mr. Hanover agreed, Mr. Tierney added that he thought Mr. Lamson had put together a terrific team whose members work well together to provide great service to the islands. In response, Mr. Lamson stated that, while the Authority was improving its level of customer service, there was still more work to be done, and that he also wanted to recognize the staff, all of whom were very committed and dedicated to the Authority.

M/V Eagle Mid-Life Refurbishment Project:

In response to a question from Mr. Hanover, Mr. Walker stated that there were still open change orders with respect to the *Eagle* Mid-Life Refurbishment Project, that he had been attempting to meet with Thames Shipyard about those change orders for more than a month, but that the shipyard had not had the time to review the package he had sent to the shipyard setting forth the Authority's responses to the change orders. However, Mr. Walker said, he had a meeting scheduled with the shipyard for 9:00 a.m. this coming Thursday.

Merchandising Program:

In response to a question from Mr. Ranney, Mr. Lamson stated that the staff was evaluating proposals that had been submitted to sell Steamship-themed merchandise over the Authority's website, and that he was expecting to be able to present the Members with a recommendation for their consideration at their next meeting. In response to a question from Mr. Tierney, Mr. Lamson stated that not all of the items marketed by the firms were made in the United States, but that was something the staff was trying to work towards.

New Bedford-Martha's Vineyard Freight Service:

Mr. Hanover noted that, at the Members' next meeting on Martha's Vineyard, Tisbury Department of Public Works Director Fred Lapiana would update them on the status of the island's efforts to haul trash to New Bedford.

Public Comment:

Nantucket resident Phil Gallagher suggested that one way to modestly increase the Authority's revenues might be to introduce a new class of ticket called the "Nantucket Circle Cruise," priced slight above the cost of a one-way ticket, which would allow customers to stay on the *Eagle* for its entire 5-½ hour round trip originating at 6:30 a.m. on Nantucket. Mr. Gallagher stated that some people might want to take such a cruise on the water for the fresh air and sunshine.

At approximately 10:38 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, with respect to real estate, the subjects of discussion included a possible modification to the Authority's land swap agreement with the Town of Falmouth; 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 negotiations with nonunion personnel, the subjects of discussion included the July 2012 proposed salary increases for nonunion personnel and the Authority's employment agreement with Mr. Lamson. Mr. Tierney also stated that the Members may also conduct contract negotiations with Mr. Lamson in executive session. After Mr. Tierney 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 briefly 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. O'Brien -- 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, the purchase, exchange, lease and value of real estate, and strategy in preparation for negotiations with nonunion personnel, and to conduct contract negotiations with nonunion personnel.

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

At approximately 11:57 a.m., the Members reconvened their meeting in public session. All five Members were present: Chairman John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth. Port Council Vice Chairman Robert R. Jones of Barnstable; Port Council Secretary George J. Balco of Tisbury, and Port Council members Frank J. Rezendes of Fairhaven 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 Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Proposed Salary Increases for Nonunion Personnel:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve the 2012 salary program for the Authority's unrepresented employees, as proposed by management in Staff Summary #HR-12-41, dated June 6, 2012.

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

Contract Negotiations with Wayne C. Lamson:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to increase Wayne C. Lamson's salary by two percent (2%) effective July 1, 2011 and another two percent (2%) effective July 1, 2012.

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

Then, at approximately 11:59 a.m., Mr. Tierney stated that he would entertain a motion to adjourn the meeting.

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

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

A TRUE RECORD

Robert L. O'Brien

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

July 17, 2012

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 17th day of July, 2012, beginning at 9:35 a.m., in the First Floor Library Conference Room of the Martha's Vineyard Regional High School, located at 100 Edgartown-Vineyard Haven Road, Oak Bluffs, Massachusetts. All five Members were present: Chairman John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Vice Chairman Robert R. Jones of Barnstable, Port Council Secretary George J. Balco of Tisbury, and Port Council members Frank J. Rezendes of Fairhaven 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 Terminal and Parking Operations Mark K. Rozum; Port Captain Charles G. Gifford; Reservations and Community Relations Manager Gina Barboza; Director of Human Resources Phillip J. Parent; Oak Bluffs Terminal Manager Bridget Tobin; Vineyard Haven Terminal Manager Richard Clark; and General Counsel Steven M. Sayers.

<u>Authority Employee Clifford Davignon</u>:

The Members began the meeting with a moment of silence in honor and memory of Hyannis terminal employee Clifford Davignon, who passed away at work this past Saturday. Mr. Lamson observed that the thoughts, prayers and sympathies of everyone at the Authority go out to Mr. Davignon's family and many friends.

Mr. Tierney noted that in the audience were Oak Bluffs Town Manager Robert Whritenour, Tisbury Director of Public Works Fred LaPiana and Martha's Vineyard Refuse Disposal and Resource Recovery District Manager Don Hatch.

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 June 19, 2012.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for May 2012, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried more passengers (up 4.7%), more automobiles (up 3.4%) and more trucks (up 3.6%) during the month than it had carried during the same month in 2011. Mr. Lamson also reported that the Authority's operating revenues for the month were $369,000 higher than projected and that the Authority's operating expenses for the month also were $141,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $570,000, which was $227,000 higher than projected.

Mr. Lamson further reported that, for the first five months of 2012, the Authority's operating revenues had been $912,000 higher than projected, the Authority's operating expenses had been $837,000 higher than projected, and the Authority's fixed charges and other expenses had been $231,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the first five months of 2012 had been just over $9,000,000, around $155,000 higher than projected.

Mr. Hanover noted that, two months ago, the Authority's net operating income for the year had been projected to be around $500,000 lower than what had been budgeted, and he asked whether the Authority was going to be able to erase that budget deficit. In response, Mr. Lamson stated that the Authority was making progress in this direction, which was due in part to lower fuel prices.

Website Redesign Project:

Mr. Lamson then reported that management was continuing to work with iMarc on the Authority's new website, which is now expected to be completed by the end of August 2012. To date, Mr. Lamson said, the Authority has spent around $230,000 on the new website, including the new dedicated mobile web application that was launched in May 2011, and it will cost around $70,000 more to complete the entire project, which actually had turned out to be a total reengineering and redevelopment of the website instead of a mere redesign. Mr. Lamson noted that the original budget for the project had been around $225,000, but that iMarc had not realized how complex the project would be due to all of the Authority's different fares. Mr. Lamson stated that the website should be ready for testing in September in anticipation of a launch date after the Columbus Day Weekend.

Mr. Marshall stated that he realized everyone was anxious to launch the new website, but he noted that it was not going to be launched until after summer in any event. Therefore, Mr. Marshall said, he would prefer to delay the launch until November or December to make certain that all aspects of the website were functioning at 100% at the time it is launched, and Mr. Ranney stated that he agreed with Mr. Marshall's suggestion.

2013 Winter and Spring Vessel Operating Schedules:

Mr. Lamson reviewed management's proposed 2013 Winter and Spring Vessel Operating Schedules, which he said were pretty much the same as the ones the Authority had operated this past year. Mr. Lamson noted that the 2013 winter schedule would start three days earlier and end eight days earlier than in 2012 (beginning on January 1, 2013 and ending on April 9, 2013), and, as a result, the spring schedule would start eight days earlier than in 2012, on April 10, 2013. Mr. Lamson noted that the Authority's 2013 spring schedule would also end five days earlier than in 2012 (on May 15, 2013), resulting in the summer schedule similarly starting five days earlier on May 16, 2013, which would also be the date that the Authority opens the Oak Bluffs terminal.

Mr. Lamson observed that the most significant change in next year's spring schedule was having the freight boat on the Martha's Vineyard route operate on an earlier daily schedule similar to the *M/V Governor's* schedule this summer. During the spring schedule, Mr. Lamson said, the freight boat will also be triple-crewed instead of double-crewed (as it was this past spring) in order to make up for the decrease in vehicle capacity when the *M/V Island Home* is in repair. In addition, Mr. Lamson stated that, on Mondays through Saturdays, there will be only one hazardous trip per day to the island, at 7:30 a.m., and one hazardous trip per day from the island, at 11:00 a.m., except on Wednesdays when Ralph Packer and Carroll's Trucking need another hazardous trip from the island at 6:30 a.m. and returning to the island at 12:15 p.m.

After Mr. Lamson reported that the Port Council, after reviewing the schedules at their meeting earlier this month, had voted to recommend that the Members approve them, Mr. Hanover stated that he similarly was very pleased with management's proposed schedules.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the 2013 Winter and Spring Operating Schedules as proposed by management in Staff Summary #RCR 02-12, dated July 11, 2012.

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

M/V Eagle:

Mr. Lamson announced that he had been informed that the Authority's maintenance employees had found the cause of the shutdown of one of the *M/V Eagle's* main engines the previous evening and that they expected to have the problem fixed in time for the vessel's next scheduled departure from Hyannis at 2:45 p.m.

Treasurer's Report:

Mr. Davis reported that, during the month of June 2012, the Authority had carried more passengers (up 5.7%), more automobiles (up 4.6%) and fewer trucks (down 3.9%) than it had carried during the same month in 2011, and that the Authority's net operating income for the month was expected to be around $2,585,000, or $605,000 higher than what had been budgeted for the month. Mr. Davis also reported that revenues had exceeded budget expectations that month by $125,000, vessel fuel oil expenses had been $86,000 lower than budgeted, and maintenance expenses had been $350,000 higher than budgeted, although some of that variance was attributable to timing issues. Mr. Davis stated that the largest budget variance was in the Authority's general expenses, which were $625,000 lower this month than budgeted, because there had been a $600,000 error in the budget entry for the Authority's health claims for the month. As a result, Mr. Davis said, the Authority's total expenses for June were $525,000 lower than budgeted and the Authority's net operating loss for the first six months of 2012 was approximately $6,425,000, which was around $450,000 lower than projected.

Dry-dock and Overhaul Services for the M/V Sankaty:

Mr. Lamson then asked the Members to award Contract #10-12 for dry-dock and overhaul services for the *M/V Sankaty* 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 $394,266. Mr. Lamson stated that the *M/V Sankaty* was scheduled to go to the shipyard in September to undergo a required United States Coast Guard hull examination, machinery inspections, underwater hull cleaning and painting, replacement of rudder tubes, and installation of sewage evacuation piping. In response to questions from the Members, Mr. Lamson stated that the *M/V Sankaty* had been built in the early 1980s, that the Authority had acquired it in the early 1990s, and that the vessel still had 15 to 20 years of useful life.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Hanover -- to award Contract #10-12 for dry-dock and overhaul services for the *M/V Sankaty* 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 $394,266, as recommended by management in Staff Summary #E 2012-4, dated July 12, 2012.

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

Port Council's Report:

Mr. Huss reported that, at their meeting earlier that month, the Port Council had discussed everything that had been considered by the Members that day and also had discussed how the Authority had carried the greatest number of passengers per year in 2004, although those numbers had included passengers carried on the *Shamonchi*. Mr. Huss noted that, if the Authority's *Shamonchi* passengers were excluded from the traffic counts, the Authority would have seen the peak of its passenger traffic levels in 1997. Mr. Balco recounted how there had been a great cry around that time for the Authority to hold traffic down to 1997 levels and he wryly noted that the Authority in fact has succeeded in doing so.

Mr. Huss also stated that Director of Engineering and Maintenance Carl R. Walker had reported that he had looked into the feasibility of powering the Authority's vessels with compressed natural gas ("CNG") instead of diesel, but that at this point it did not appear feasible, although he was still looking into it and keeping it in mind. In addition, Mr. Huss said, the Port Council had observed that opening the Oak Bluffs terminal earlier next year will make the people in Oak Bluffs happy, and they also had asked management to look into what effect raising the Authority's child fare from age 12 to age 14 would have on the Authority's income. Finally, Mr. Huss reported that the Port Council had reviewed Mr. Lamson's proposed goals for the upcoming year and had concluded that, while they are great goals, they are also very ambitious.

In response to a question from Mr. Hanover, Mr. Rozum stated that the Authority had received its two new buses for the Hyannis terminal, but that management was waiting until September to upgrade those buses so that they will be powered by compressed natural gas (CNG).

New Bedford-Martha's Vineyard Freight Service:

Mr. LaPiana reported on the efforts being made by the Towns of Tisbury and Oak Bluffs to transport and dispose of their refuse by barge. Mr. LaPiana noted that the Towns had entered into a long-term contract with Crapo Hill Landfill in the New Bedford-Dartmouth area and were now investigating how best to transport their refuse there less expensively. Mr. LaPiana stated that the Towns had a study performed by HDR Engineering, Inc. on the feasibility of establishing a port-to-port containerized transportation service between the island and New Bedford, which indicates that the Towns should be able to transport their rubbish to New Bedford less expensively by barge than by sending it on the Authority's boats if they can transport at least 18 containers per barge, most likely on a once-a-week basis. Mr. LaPiana said that, while there are many obstacles that need to be overcome, the Towns are now discussing the subject with Ralph Packer to see what might be possible and that, if they are successful, this will reduce truck traffic both on the Authority's boats and through Falmouth.

Mr. LaPiana also reported that the Towns had looked at using the rail system in New Bedford as part of their transportation link, but that rail transportation would require facilities for a load-on/load-off operation which neither Vineyard Haven nor New Bedford has. As a result, Mr. LaPiana said, rail transportation would require a fairly large capital investment compared to a roll-on/roll-off operation.

Mr. Marshall declared that, for the first time in his long tenure as the Authority's Falmouth Member, he was honestly encouraged that Falmouth residents might see some relief from truck traffic through their town, and relief that makes sense for everyone. Mr. Marshall observed that, if barging rubbish to New Bedford will both reduce the island's costs and get trash off the streets of Woods Hole and Falmouth, it will be a home run. Mr. Marshall also noted that the Authority had long received New Bedford's cooperation in this effort and he encouraged the Members to assist Mr. LaPiana in whatever way they can, saying that he could not thank Mr. LaPiana enough.

In response to a question from Mr. Hanover, Mr. LaPiana stated that the Towns' breakeven point is carrying 18 trailers per trip and that for every $5 per ton of rubbish they save in transportation costs, this translates to an annual savings of $70,000. Mr. LaPiana also noted that, if they are able to carry more than 18 trailers per trip and fill the barge with other containers and goods, it is possible that the Towns can reduce their costs even further. But Mr. LaPiana also observed that the Towns will need to have a place to stage the containers and that they will have to be sealed. Indeed, Mr. LaPiana said, if the Towns compressed and baled their rubbish, they will be even more efficient and have one of the cleanest operations they have seen, especially since Crapo Hill Landfill is also very environmentally sensitive.

Mr. Lamson reported that the Authority currently carries around 150 rubbish trucks off Martha's Vineyard each month during the summer and around 1,300 annually, although he noted that those figures included trucks not only for Oak Bluffs and Tisbury, but also for the Martha's Vineyard Refuse Disposal and Resource Recovery District. Mr. LaPiana emphasized, however, that the Towns wanted to start this barge operation with only their own trash so they could prove out the concept on a manageable basis before considering whether to handle the whole island's waste stream.

Tisbury Selectman Tristan Israel declared that the Tisbury Selectmen have done their homework on this matter, and that they totally support it and would like to see it happen. In addition, Mr. Israel stated that he was hoping the Selectmen could meet with Messrs. Lamson and Hanover soon so they can see whether it is viable.

Mr. Jones asked Mr. LaPiana if he could attend a Port Council meeting to answer questions that the Port Council members may have about the project, observing that he had read the engineers' report and thought it was excellent. Mr. Jones stated that he thought this presented a huge advantage for everyone, although he noted that one important question that will need to be answered is how much freight revenue the Authority will lose, especially if the Towns were to back haul other goods from New Bedford.

Mr. Whritenour then assured the Members that the relationship between the Towns on this issue was very strong and that their close partnership was a reflection of their common interest. However, Mr. Whritenour noted that while the Towns possess a keen sense of providing municipal services, they are new to the maritime industry and will be looking to the Authority for leadership in this area. In this regard, Mr. Whritenour stated that he felt the Towns also had commonality with the Authority on this issue, and that any loss of revenue would be more than made up for by a better business relationship among all of the communities. Mr. Whritenour noted that the Towns want to work directly with the Authority to ensure that they make the wisest choices in transporting their trash to its final destination and that they looked forward to working with the Authority on this project.

Mr. Hatch stated that his district was not pursuing a barge operation at this time because he had not yet seen enough information and still had a lot of questions. Mr. Hatch noted that the trucks carrying his district's trash also back haul other commodities, which lower the district's transportation costs and, therefore, any barge operation would also need to back haul other freight. In response, Mr. Marshall declared that such a back haul operation certainly would not bother him.

In response to a question from Mr. Tierney, Mr. LaPiana stated that the trash containers could not be used to back haul food, but they could be used to back haul commodities such as gravel and mulch, which might reduce the cost of those goods on the island. However, Mr. Hanover noted that the cost of goods on the island was driven more by island real estate prices than transportation expenses. Nevertheless, Mr. Hanover observed that if the Towns were to bale their trash, they might not need containers at all. Mr. LaPiana agreed, saying that it depended on how the baling was done. Regardless, Mr. LaPiana said, the numbers were already pretty compelling and baling the trash would only make those numbers even better.

In response to a question from Mr. Jones, Mr. LaPiana stated that not only was it more economical at this junction for the Towns to act on their own instead of working with the island's other refuse district, the Towns also were concerned over what effect an island-wide program would have on traffic in their communities. But Mr. LaPiana noted that, if the operation is a success on this smaller scale, the Towns would then look toward including the other communities.

General Manager's Goals:

Mr. Lamson then reviewed with the Members his proposed goals for the upcoming year, which prompted Mr. Tierney to ask him whether he was going to set up a cot in his office because it was certainly a heroic list. In response, Mr. Lamson observed that the Authority also had a very dedicated management staff as well as all of the other employees who contribute to the Authority's success.

However, Mr. O'Brien expressed concern over the list, observing that some of the goals were too general in their descriptions for the Members to know what was really expected to be happening over the next twelve months. Mr. O'Brien stated that the Members might need to have another list of goals that is more specific as to what is achievable within this time frame.

Mr. Marshall agreed, and also asked that the list be prioritized because some of the goals clearly had a far greater impact on the Authority than others. Mr. Marshall also noted that the Members had made it clear that Mr. Lamson was not to be evaluated on whether he completed each of his goals; rather, he would be evaluated on how he managed each matter regardless of whether it was completed by the end of the year.

Mr. Lamson stated that he agreed his list of goals should be prioritized, noting, for example, that he did not know whether the Members wanted him to spend the time and effort that would be necessary to develop a merchandising program. Mr. Lamson noted that, although he thought all of his goals were worthwhile, the list did not place them in any order with respect to how much time the management staff should devote to them. Mr. Lamson also stated that he understood Mr. O'Brien's concerns, but that he felt confident management could achieve all of the goals by June 30th of next year.

Mr. Ranney also agreed that the list of goals should be prioritized, but observed that this did not mean that the most important goal was to be done first. Rather, Mr. Ranney said, Mr. Lamson would be working on all of the goals at the same time, although some may be relatively simple and might be accomplished by Mr. Lamson finding someone to handle them.

Mr. Ranney then stated that he thought a merchandising program was worth pursuing and he asked the other Members if they felt the same way, noting that such a program could generate hundreds of thousands of dollars in revenue a year. Mr. Marshall stated that he thought it was worth looking at, and Mr. Hanover noted that this past month two people had mentioned to him that they would have liked to have been able to purchase toys for their children while they were riding on the Authority's ferries.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to adopt the General Manager's Goals for the year July 1, 2012 through June 30, 2013 in the revised form proposed by Mr. Lamson.

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

Emergency Transportation Policy:

Mr. Hanover asked Mr. Lamson if he could look into how the Authority might be able to revise its emergency transportation policy to ensure that it is being used only for the purposes for which it was adopted, namely, for people with genuine medical emergencies. Mr. Hanover stated that he had heard of occasions where there have been as many as twelve people at the same time saying they needed to travel on the next boat for medical reasons, and it appeared that the policy was being abused by people who were simply using it to get home early after routine doctor and dentist appointments. Mr. Hanover noted that ambulances on the island require their customers to sign affidavits attesting to their imperative need for the ambulance services, and he wondered whether the Authority should develop its own form of affidavit to be used for medical emergencies, which could be posted online. In response, Mr. Sayers stated that the Authority could require customers to use its own online form in order to travel on a priority basis for medical reasons, and Mr. Lamson stated that management would look into this subject further to determine what should be done.

Public Comment:

Oak Bluffs resident C. J. Jones recounted how, whenever he has needed medical care over the years, the Authority's services have been excellent, and he declared that it was a true indication of dedication and a job well done.

At approximately 10:50 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 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 and negotiating positions. Mr. Tierney also announced that, with respect to real estate, the subjects of discussion included a possible modification to the Authority's land swap agreement with the Town of Falmouth; and that, with respect to collective bargaining, the subjects of discussion included the Authority's negotiations with District No. 1 – Pacific Coast Division, MEBA. After Mr. Tierney 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. Ranney -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining matters, and the purchase, exchange, lease and value of real estate.

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

A TRUE RECORD

Robert L. O'Brien

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

August 21, 2012

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 21st day of August, 2012, 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 John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Vice Chairman Robert R. Jones of Barnstable and Port Council members Frank J. Rezendes of Fairhaven 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 Marketing Kimberlee McHugh; Reservations and Community Relations Manager Gina Barboza; Terminal and Parking Operations Mark K. Rozum; Director of Human Resources Phillip J. Parent; Hyannis Terminal Manager Steven Perkins; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on July 17, 2012.

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

Rescue by the Crew of the *M/V Gay Head*:

Mr. Lamson then publicly extended the Authority's appreciation for what he described as an outstanding job performed by the *M/V Gay Head's* crew in responding to a distress call from the United States Coast Guard on Sunday, August 12th, regarding a fishing vessel in Nantucket Sound roughly 12 miles north of Nantucket. Mr. Lamson recounted how the *M/V Gay Head* had been headed for Nantucket on her scheduled 5:00 p.m. trip from Hyannis when Captain Raymond Oliver received the distress call at approximately 6:00 p.m. Under Captain Oliver's direction, Mr. Lamson said, and within 25 minutes of receiving the distress call, the *M/V Gay Head's* crew had successfully retrieved the three fishermen who were aboard the fishing vessel to safety with the deployment of the *M/V Gay Head's* small rescue boat. Mr. Lamson noted that Captain Oliver's crew included Pilot/Mate Bernadino Ramos, Ordinary Seamen Shawn Pimental, John McDonough and Benjamin Burlos, and also Chief Engineer Maureen Glennon and Oiler Antonio Ferreira. Mr. Lamson declared that they were all to be congratulated for doing such an outstanding job in responding and rescuing the three fishermen before their vessel sank.

In response to a question from Mr. Ranney, Mr. Lamson stated that a letter commending them for their performance would be placed into each of their personnel files.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for June 2012, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried more passengers (up 5.7%), more automobiles (up 4.6%) and fewer trucks (down 3.9%) during the month than it had carried during the same month in 2011. Mr. Lamson also reported that the Authority's operating revenues for the month were $234,000 higher than projected and that the Authority's operating expenses for the month were $604,000 lower than projected, primarily due to an input error in the Authority's budget projections that overstated the Authority's projected health care claims by $600,000 for the month. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $2,819,000, which was $838,000 higher than projected.

Mr. Lamson further reported that, for the first six months of 2012, the Authority's operating revenues had been $1,146,000 higher than projected, the Authority's operating expenses had been $187,000 higher than projected, and the Authority's fixed charges and other expenses also had been $276,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the first six months of 2012 had been around $6,191,000, approximately $683,000 lower than projected.

Finally, Mr. Lamson reported that the Authority's cash balance in its Operation Fund at the end of June 2012 remained strong compared to the amount projected in the Authority's original cash budget. Mr. Lamson stated that, based on that cash position at the end of the month and the Authority's projected cash receipts and disbursements for the remainder of the year, he expected that the Authority would do a little better than previously projected with its cash transfers to the Authority's special purpose funds, including the Replacement Fund, over the next few months.

2013 Summer and Fall Vessel Operating Schedules:

Mr. Lamson presented management's preliminary draft of the proposed 2013 Summer and Fall Operating Schedules for discussion purposes only, noting that the schedules do not have to be approved until the Members' next meeting in September 2012. Mr. Lamson stated that management's proposed 2013 Summer Schedule would start on May 16, 2013 (when the Authority would also open the Oak Bluffs terminal for the season) and end on October 15, 2013 (when the Authority would also close the Oak Bluffs terminal), with the height of the 2013 Summer Schedule running from June 21, 2013 through September 3, 2013; and that the 2013 Fall Schedule would start on October 16, 2013 and run through January 1, 2014.

(a) Martha's Vineyard Route – With respect to the Martha's Vineyard route, Mr. Lamson stated that management was proposing to consolidate the hazardous trips so that there is only one hazardous trip each way on Mondays through Saturdays, except for Wednesdays when the Authority would also continue to run a second hazardous trip leaving Vineyard Haven at 7:15 a.m. and returning from Woods Hole at either 2:45 p.m. (during the summer) or 1:30 p.m. (during the fall). Thus, Mr. Lamson said, on the other days the Authority would have only one hazardous trip leaving Woods Hole at 6:15 a.m. and one hazardous trip returning from Vineyard Haven at 9:45 a.m.

(b) Nantucket Route – With respect to the Nantucket route, Mr. Lamson stated that management was proposing to increase the level of service the Authority recently has been providing after the height of the summer schedule by adding the *M/V Sankaty* on a single-crew basis, Monday through Friday, during the 12-day period from September 4, 2013 through September 15, 2013. Mr. Lamson also stated that management was looking at the overall net benefit that might be gained by switching the sailing times of the *M/V Gay Head* and the *M/V Nantucket* during the 2013 Summer Schedule. Mr. Lamson noted that the benefits would be:

1. Allowing more of the multi-stop food trucks to travel on what would then be the *M/V Nantucket's* 6:00 a.m. trip from Hyannis. (Currently, hazardous freight shippers have first priority to make reservations on the *M/V Gay Head's* 6:00 a.m. trip.) Under the alternative schedule, hazardous trucks would be carried on the *M/V Gay Head's* 7:15 a.m. trip and would return from Nantucket at 3:45 p.m.

2. Creating more attractive departure times for residents and visitors traveling with vehicles on the *M/V Nantucket.* (Departures from Nantucket would be at 8:45 a.m. instead of 10:15 a.m. and 7:45 p.m. instead of 9:00 p.m., and departures from Hyannis would be 5:00 p.m. instead of 6:30 p.m.)

3. Allowing more trucks to take advantage of the "Super Saver" program for commercial vehicles on the 9:00 p.m. trip from Nantucket on the *M/V Gay Head* and potentially open up more space for other vehicles on earlier trips.

4. Reducing traffic congestion at and around the Nantucket terminal during the mid-afternoon period when the *M/V Iyanough* (at 3:15 p.m.) and the *M/V Nantucket* (at 3:45 p.m.) are currently departing within 30 minutes of each other.

5. Reducing the operating hours of the Hyannis parking lots with the last published trip arriving at Hyannis at 10:00 p.m. instead of 11:15 p.m.

6. Providing the Authority with the flexibility to cancel the last freight trip of the day (leaving Hyannis at 6:45 p.m. and returning from Nantucket at 9:00 p.m.) on certain days when there is low demand.

7. Eliminating the last hazardous designation for the last freight trip from Nantucket at night on weekdays, allowing the Authority to book more passenger vehicles on those trips in advance.

Mr. Lamson noted that one of the possible drawbacks of this alternative schedule is that, if the multi-stop food trucks cannot complete all of their deliveries in time to return on the *M/V Nantucket's* 2:15 p.m. trip, the Authority will be able to accommodate only a few of these trucks on the 3:45 p.m. freight trip, as hazardous trucks returning from Nantucket will have priority for bulk truck reservations on that freight trip.

Mr. Lamson then announced that management will be conducting informational meetings with Nantucket freight shippers to discuss next year's proposed alternative operating schedules and receive their comments on the changes being considered, and that the meetings will be held on Thursday, August 23rd, with the first one starting at 9:30 a.m. in the Nantucket terminal's conference room and the second one starting at 2:00 p.m. in the Hyannis terminal's second floor meeting room.

Mr. Marshall noted that, when he read the minutes of the Port Council's August 1, 2012 meeting, it appeared that Nantucket Port Council member Nathaniel E. Lowell had come out both aggressively in favor of management's alternative schedules for the Nantucket route and aggressively opposed. In response, Mr. Huss stated that Mr. Lowell initially had been opposed to the alternative schedules, but that in the end he thought they were a good thing and agreed that they were worth trying. Mr. Huss also noted that Mr. Lowell's concern was that fifty percent of the time the food trucks that travel on the 6:00 a.m. trip from Hyannis are unable to make the 2:15 p.m. return trip from Nantucket.

Mr. Ranney then stated that he also had talked with Mr. Lowell and that Mr. Lowell thought that the proposed alternative schedules are worth trying. As a result, Mr. Ranney said, he was in favor of the alternative schedules as well.

Online Merchandise Program:

Mr. Lamson then asked the Members for authorization to engage the firm of Scarborough & Tweed from Pleasantville, New York, to develop and launch an online merchandise store for the Authority. Mr. Lamson stated that the start-up cost for the online store will be $5,000 in addition to the cost of the merchandise, and that the merchandise that will be initially offered for sale will cost around $25,000 and consist of a few key products, including canvas duffle and boat bags with an SSA ribbon design featuring nautical flags, Vineyard Vines products customized for the Authority, Nantucket red baseball hats with a sketch or imprint of the *M/V Iyanough*, and sets of acrylic tumblers featuring the SSA fleet and/or nautical flags. Mr. Lamson also stated that management will promote the online merchandise store in a variety of ways, including e-News emails, posters, banner ads on the Authority's website, and print ads in selected publications and Authority-printed materials. Mr. Lamson noted that Scarborough & Tweed had committed to launching the Authority's online store by November 9, 2012.

In response to a question from Mr. Tierney, Mr. Lamson acknowledged that the Authority previously had indicated that it would prefer all of the online store's products to be made in the United States of America, and Mr. Lamson stated that management was going to work towards that goal with Scarborough & Tweed. However, Mr. Ranney suggested that management be flexible on that issue and consider other sources for products that cannot reasonably be obtained in this country. Mr. Marshall agreed, observing that if the Authority were to eliminate the opportunity for its supplier to produce some products offshore, the Authority's prices would increase off the charts and the online store's chances for success will be significantly diminished.

In response to a question from Mr. O'Brien, Mr. Lamson stated that management would be discussing with Scarborough & Tweed what mark-up each product will have and that it will vary depending upon the product, and Mr. O'Brien cautioned Mr. Lamson not to price the Authority out of the market. Mr. Hanover then suggested that the Authority also sell products on the online store that are made on the islands, even though they may not have Authority logos, and Ms. McHugh stated that she would discuss that with Scarborough & Tweed. In response to a question from Mr. Ranney, Mr. Lamson stated that management was still discussing with Scarborough & Tweed about the type of logo to use on the products, but that he was not thinking of developing a new one.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to authorize management to execute an agreement with Scarborough & Tweed of Pleasantville, New York, to develop, launch, operate and maintain an online merchandise store for the Authority, as recommended by management in Staff Summary #M-01, dated August 16, 2012.

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

Treasurer's Report:

Mr. Davis reported that, during the month of July 2012, the Authority had carried fewer passengers (down 1.5%), fewer automobiles (down 2.1%) and fewer trucks (down 0.9%) than it had carried during the same month in 2011, and that the Authority's net operating income for the month was expected to be around $6,250,000, or $250,000 lower than what had been budgeted for the month. Mr. Davis also reported that revenues had been lower than budget expectations that month by $300,000 and that overall expenses had also been lower than budget expectations by $75,000. Specifically, Mr. Davis stated that vessel fuel oil expenses had been $100,000 lower than budgeted, maintenance expenses had been $150,000 higher than budgeted, health claims of the Authority's self-funded plans had been $80,000 below estimates, and terminal expenses had been $190,000 higher than budgeted due to a payroll accrual error that had been included in the budget this year. As a result, Mr. Davis said, the Authority's net operating income for the first seven months of 2012 was around $75,000, which was $400,000 higher than projected.

In response to a question from Mr. Hanover, Mr. Lamson stated that he thought the July 2012 traffic figures were lower than those for July 2011 because, in 2011, there had been five full weekends (Fridays, Saturdays and Sundays) during the month of July, which is very rare. Mr. Lamson also stated that, when the figures were compared on a day-to-day basis (*e.g.*, Monday to

Monday), traffic figures during this time period were a little higher in 2012 than they were in 2011.

Food Concession Contract:

Mr. Lamson then asked the Members for authorization to issue a request for proposals for a new food concession contract, noting that the Authority's current five-year contract with the Boston Culinary Group (also known as Centerplate) will expire at the end of this year. Mr. Lamson stated that management was recommending that the new contract similarly have a five-year term to encourage potential concessionaires to submit proposals, as their investment in the specialized equipment and infrastructure needed to operate the concession can then be amortized over a longer period. Mr. Lamson also noted that new language had been added to the request for proposals informing potential proponents that their proposals will be evaluated, in part, on the proposed list of food items to be offered, the use of local products, and the prices to be charged, that any price increases over the term of the contract would have to be approved by the Authority's General Manager, and that the proposed deadline for the submission of proposals was October 16, 2012. As a result, Mr. Lamson said, he anticipated that the new contract would be awarded by the Members at their November 20, 2012 meeting.

Mr. Marshall observed that the evaluation of each proponent's menu and prices necessarily would be so subjective that he was a little uncomfortable with that as an evaluation criterion, but he acknowledged that the evaluations would be based upon comparisons among all of the different proponents, that management would not necessarily recommend the proposal that provides the Authority with the most money, and that he could not think of any other way to evaluate this component of the proponents' proposals more objectively.

In response to a question from Mr. Ranney, Mr. Lamson stated that each proponent will be required to list the price for each item on its proposed menu, and Mr. Ranney suggested that the proponents might want to propose a lower price for a hot dog than $7.00. Mr. O'Brien then suggested that the request for proposals also set forth requirements about the quality and freshness of the products, as he had seen some food on the boats that appeared to have been a few days old.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize management to issue a request for proposals for a new food concession contract, in substantially the form attached to Staff Summary #A-546, dated August 16, 2012.

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

Port Council's Report:

Mr. Jones reported that, at their meeting earlier that month, the Port Council had discussed everything that had been considered by the Members that day and also had a very extensive discussion on management's recommendation to switch the operating schedules of the *M/V Nantucket* and the *M/V Gay Head* on the Nantucket route during the 2013 Summer Schedule, confirming that Mr. Lowell had at first questioned the validity of the recommendation but in the end had agreed with everyone that it is worth a try.

Mr. Jones also reported that the Port Council had discussed the food concession contract, in particular, the need to ensure in the request for proposals that the food be reasonably priced and that the food concessionaire be responsible for liability that might arise from the sale of alcoholic beverages. In addition, Mr. Jones said, the Port Council had agreed that employees of the food concessionaire should continue to be prohibited from accepting tips, just as the Authority's employees are prohibited from accepting tips.

Mr. Jones further reported that the Port Council had discussed the new online merchandise store and had affirmed its prior recommendation that the products sold by the Authority be made in the United States of America because philosophically everyone wants to keep jobs at home as much as possible. Mr. Jones also noted that the program will not only result in more revenue for the Authority, but will also get the Authority's logo out into the public, observing that everyone who buys a product from the online store will be advertising for the Authority.

Finally, Mr. Jones reported that Tisbury Director of Public Works Fred LaPiana gave the same presentation to the Port Council regarding the barging and containerizing of trash from Oak Bluffs and Tisbury that he had given to the Members at their last meeting. Mr. Jones noted that, once that barging operation begins, the Authority will be losing 460 freight trips, which is good news for Falmouth and the highways, but potentially a revenue issue for the Authority, particularly if the barge operation also back hauls other freight to Martha's Vineyard. Ultimately, Mr. Jones said, after Mr. LaPiana calculated that the towns currently spend $35 per ton of trash to truck it to the mainland and that they should be able to barge their trash to the mainland for less, the Port Council wished Mr. LaPiana the best of luck in his endeavors.

Customer Service at the Hyannis Terminal:

Mr. Ranney extended his thanks to Mr. Perkins and all of the employees at the Hyannis terminal (as well as Mr. Rozum), saying that he had heard nothing but good comments about the quality of the Authority's customer service at that terminal.

At approximately 10:16 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 anticipated 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, with respect to collective bargaining, the subjects of discussion included the Authority's negotiations with the Marine Engineers Beneficial Association regarding the Authority's unlicensed vessel employees, the Licensed Officers and Maritime Workers Union regarding the Authority's licensed deck officers and SEIU Local 888 regarding the Authority's reservation clerks; and that with respect to anticipated litigation matters, the subjects of discussion included the Authority's potential claim against Eugene and Roslyn Ratner and the Authority's potential claim against the Maguire Group, Inc. After Mr. Tierney 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. Ranney's motion, seconded by Mr. O'Brien -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and anticipated litigation matters, and the purchase, exchange, lease and value of real estate.

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

A TRUE RECORD

Robert L. O'Brien

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

September 25, 2012

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 25th day of September, 2012, 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 John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

Port Council Vice Chairman Robert R. Jones of Barnstable, Port Council Secretary George J. Balco of Tisbury and Port Council members Nathaniel E. 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 Marketing Kimberlee McHugh; Reservations and Community Relations Manager Gina Barboza; Terminal and Parking Operations Mark K. Rozum; Director of Human Resources Phillip J. Parent; Nantucket Terminal Agent Lorin Clarkson; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on August 21, 2012.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for July 2012, 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 (down1.6%), fewer automobiles (down 2.1%) and fewer trucks (down 0.9%) during the month than it had carried during the same month in 2011, which may have been attributable to the fact that there had been five full weekends (Fridays, Saturdays and Sundays) during July in 2011. Mr. Lamson also reported that the Authority's operating revenues for the month were $142,000 lower than projected and that the Authority's operating expenses for the month were $59,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $6,328,000, which was $200,000 lower than projected.

Mr. Lamson further reported that, for the first seven months of 2012, the Authority's operating revenues had been $1,004,000 higher than projected, the Authority's operating expenses had been $201,000 higher than projected, and the Authority's fixed charges and other expenses also had been $321,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating income for the first seven months of 2012 had been approximately $137,000, around $482,000 higher than projected.

In response to a question from Mr. Hanover, Mr. Davis stated that last week the Authority had applied to establish accounts with the Massachusetts Municipal Depository Trust, which offers a marginally higher interest rate than the Authority's current accounts, and that the Authority will be transferring some of its funds to those new accounts.

In response to a question from Mr. Marshall, Mr. Davis stated that the Authority's revenues and expenses during the month of August 2012 compared well with the Authority's projections and that, as a result, he felt the Authority should be able to achieve its budgeted net income figure for the 2012 calendar year.

Emergency Transportation Policy:

Mr. Lamson recounted how, at the Authority's July 17, 2012 meeting, Mr. Hanover had asked management to look into how the Authority might be able to revise its emergency transportation policy to ensure that it is being used only for the purposes for which it was adopted, namely, for people with genuine medical emergencies. Mr. Lamson stated that, in response to Mr. Hanover's request, management had reviewed all of the Authority's policies that provide for the preferential boarding of customers for medical reasons and was recommending that those policies be revised to provide as follows:

(a) An ambulance or a customer's vehicle will continue to be boarded on a preferential basis when it needs to be transported from the island to the mainland without delay for emergency medical care which is not available on the island (or so that the customer can attend to a death or unexpected serious illness or injury of a member of the customer's immediate family on the mainland).

(b) The vehicle of customers traveling on standby for medical reasons will also continue to be boarded ahead of the vehicles of other standby customers when either:

(i) the customers have an urgent need to travel without additional delay because they are in severe pain, distress or discomfort; or

(ii) the failure to provide the customers with preferential boarding would create the potential for deterioration or instability in their physical condition or would otherwise jeopardize their care.

The determination of whether a customer's vehicle should receive preferential boarding will be made by a Mashpee Reservations Supervisor when the request is made during the Mashpee Reservation Office's regular business hours. Only when a Supervisor is not available will the determination be made by the Terminal Agent. The customer will also be required to provide written verification from his or her physician or health care provider of the customer's urgent need to travel on the Authority's ferry without delay.

(c) Individuals traveling on standby for routine medical or dental care would not be eligible for preferential boarding of their vehicles. However, eligible customers can continue to obtain "preferred spaces" for this purpose in advance of the time that those spaces otherwise become available for booking. If a customer's appointment finishes earlier or later than expected and the customer wishes to return to the island on a different trip than his or her reserved trip, if space is available, the Mashpee Reservations Supervisor will change the customer's reservation at no charge. Otherwise, customers' vehicles traveling on standby generally will be boarded after vehicles with reservations, as space becomes available and in the order that such standby vehicles arrive and check in at the terminal of departure.

Mr. Lamson then asked the Members to approve these proposed policy changes, and noted that the Port Council had voted to recommend them at their meeting earlier in the month.

In response to a question from Mr. Ranney, Mr. Lamson stated that these revised policies would apply to customers traveling for medical reasons on the Nantucket route as well as on the Martha's Vineyard route, but he noted that the situations being addressed by these policies do not occur very often on the Nantucket route. Mr. Marshall then expressed his support for the changes, although he asked Mr. Sayers to revise the provisions to make it clear that vehicles and passengers who are "bumped" so that ambulances or other vehicles may travel without delay are not only entitled to a refund of their one-way fares, but are also boarded on the next available ferry at no charge.

In response to a question from Mr. Hanover, Mr. Sayers stated that the Authority can collect the certifications that customers submit of their medical need for preferential boarding. Mr. Hanover then declared that he supported the proposed changes, although he emphasized that the determination of which standby customers should receive preferential boarding for medical reasons should be made by the Supervisors on duty at the Mashpee Reservations Office whenever that office is open.

IT WAS VOTED -- upon Mr. Hanover motion, seconded by Mr. Ranney -- to approve management's proposed policies attached to Staff Summary #GM-600, dated September 19, 2012, pursuant to which the Authority will provide preferential boarding of certain standby customers traveling for medical reasons.

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

2013 Summer and Fall Vessel Operating Schedules:

Mr. Lamson then asked the Members to approve management's proposed 2013 Summer and Fall Operating Schedules, which he said were similar to this year's summer and fall operating schedules except for certain minor changes. Mr. Lamson noted that the proposed 2013 Summer Schedule would start on May 16, 2013 (when the Authority would also open the Oak Bluffs terminal for the season) and end on October 15, 2013 (when the Authority would also close the Oak Bluffs terminal), with the height of the 2013 Summer Schedule running from June 21, 2013 through September 3, 2013. Mr. Lamson also noted that the proposed 2013 Fall Schedule would start on October 16, 2013 and run through January 1, 2014. Mr. Lamson also observed, with respect to the specific routes, as follows:

(a) Martha's Vineyard Route – The hazardous trips on the Martha's Vineyard route would be consolidated so that there is only one hazardous trip each way on Mondays through Saturdays, except for Wednesdays when the Authority would will also continue to run a second hazardous trip leaving Vineyard Haven at 7:15 a.m. and returning from Woods Hole at either 2:45 p.m. (during the summer) or 1:30 p.m. (during the fall). Thus, on the other days the Authority would have only one hazardous trip leaving Woods Hole at 6:15 a.m. and one hazardous trip returning from Vineyard Haven at 9:45 a.m.

(b) Nantucket Route – During the early summer schedule (May 16 through June 20, 2013), the *M/V Sankaty* would operate only two round trips per day, Mondays through Fridays (down from three round trips daily in 2012). By contrast, after Labor Day the Authority would add the *M/V Sankaty* to the Nantucket route to provide two additional round trips per day, Mondays through Fridays, during the 12-day period from September

4, 2013 through September 15, 2013, in order to reduce the level of service on that route on a more gradual basis after Labor Day.

Mr. Lamson also noted that management was no longer proposing that the Authority switch the sailing times of the *M/V Nantucket* and the *M/V Gay Head* on the Nantucket route during the summer schedule. Mr. Lamson stated that there was a lack of support for the proposed change from the Nantucket hazardous materials freight shippers, even though management still felt that the change would have been a benefit to the Authority's other customers. Finally, Mr. Lamson reported that, at their meeting earlier that month, the Port Council had voted to recommend that the Members approve management's proposed schedules.

Mr. Lowell then asked Mr. Lamson whether the *M/V Sankaty's* first daily trip on the Nantucket route, leaving Hyannis at 7:15 a.m., during the early and late summer schedules (from May 16 through May 21, 2013, from May 28 through June 20, 2013, and from September 4 through September 15, 2013) could also be designated as a hazardous trip so that more room would be available for food trucks on the *M/V Gay Head's* earlier 6:00 a.m. trip. In response, Mr. Lamson stated that he did not have a problem with Mr. Lowell's request.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to amend management's recommendation in Staff Summary #RCR 04-12, so that the *M/V Sankaty's* first daily trip on the Nantucket route, leaving Hyannis at 7:15 a.m., during the early and late summer schedules (from May 16 through May 21, 2013, from May 28 through June 20, 2013, and from September 4 through September 15, 2013) is also designated as a hazardous trip.

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

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to approve the 2013 Summer and Fall Operating Schedules as recommended by management in Staff Summary #RCR 04-12, as amended.

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

Request by SeaStreak, LLC to Suspend Its Service between New Bedford and Martha's Vineyard during the 2012-2013 Off-Season:

Mr. Lamson asked the Members to approve a request from SeaStreak, LLC to suspend its high-speed passenger service between New Bedford and Martha's Vineyard during the upcoming winter season, from November 1, 2012 through April 30, 2013. Mr. Lamson noted that, earlier this year, SeaStreak already received approval from the New Bedford Harbor Development Commission to reduce its future service schedule to a recurring six-month seasonal period, from May 1st through October 31st.

Mr. Marshall observed that SeaStreak's license to provide ferry service between New Bedford and Martha's Vineyard would expire in 2014, and that as that deadline was getting closer, every year SeaStreak was providing service for fewer and fewer months. In response, SeaStreak President James Barker acknowledged that SeaStreak was cutting back on its off-season service, but declared that it was doing so only in order to survive financially. In this regard, Mr. Barker noted that SeaStreak's passenger counts had increased this past summer by around 4%, but that after Labor Day the number of its passengers fell off drastically, by around 15%. Mr. Barker stated that workers are no longer using the service anywhere near what their numbers were in the past, and he didn't know where the tourists went after the summer, which is when SeaStreak loses money on its route.

Mr. Marshall assured Mr. Barker that he was not trying to provoke him into increasing SeaStreak's service, but he observed that at some point the Authority and SeaStreak will need to talk about what service is going to be provided after 2014. In response, Mr. Barker stated that SeaStreak was willing to begin those discussions at any time that the Authority wanted to have them, that SeaStreak was happy providing the service and that, while everyone would like more business, with the reduced season SeaStreak will be able to cover its costs and break even.

Mr. Tierney observed that SeaStreak's passenger counts were decreasing over the years, and he asked Mr. Barker how SeaStreak's service between Manhattan and Martha's Vineyard was doing. In response, Mr. Barker stated that SeaStreak had seen an increase in the number of those passengers. When Mr. Tierney then noted that the Manhattan service was in competition with the New Bedford service, Mr. Barker stated that, while it does compete with a certain segment of the market, he thought SeaStreak's Manhattan service was taking much more business away from ferry that provides service to Martha's Vineyard from Quonset Point, Rhode Island, which SeaStreak viewed as its real competitor. In addition, Mr. Barker said, SeaStreak operated the service from Manhattan only on Friday nights.

Mr. Barker also noted that this past year SeaStreak reduced its fares out of New Bedford, allowed children to travel for free, started a shuttle bus service, and undertook an extensive cable marketing campaign in New York, Connecticut, Rhode Island and Massachusetts which seemed to work well. However, Mr. Barker stated that SeaStreak also had been plagued by a second year of construction in New Bedford that resulted in SeaStreak's main entrance being blocked off and customers not being able to exit into the terminal from Route 18.

Mr. Marshall then stated that he was still not willing to walk away from the possibility of service being provided between New Bedford and Falmouth, and declared that the parties should be able to make the economics of such a route work so there is justification for providing it. Mr. Marshall observed that it certainly would not cost anything for a ferry to stop in Woods Hole on its way to and from New Bedford, and stated that he thought that it made sense to provide even as few as two stops per day. However, Mr. Marshall stated that he did not need to get into a discussion about this subject today.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to approve SeaStreak, LLC's request for permission to suspend its high-speed passenger service between New Bedford and Martha's Vineyard during the period from November 1, 2012 through April 30, 2013, as recommended by management in Staff Summary #GM-599, dated September 6, 2012.

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

Extension of the *M/V Iyanough's* Operating Schedule:

Mr. Lamson then reported that management had been informed that a large community committee on Nantucket is planning a festive four-day event around the long New Year's weekend (Saturday, December 29, 2012 through Tuesday, January 1, 2013) and that the Authority had been asked to extend the *M/V Iyanough's* operating schedule this year by one day, in order for it to continue operating on New Year's Day, January 1, 2013, instead of stopping service at the end of the day on December 31, 2012. Mr. Lamson stated that management was recommending that the Members approve the request so that visitors coming for the events will be able to purchase round-trip tickets on the *M/V Iyanough* instead of having to take the Authority's traditional ferry back from Nantucket on New Year's Day or traveling on Hy-Line in both directions over the long weekend.

Mr. Lamson also noted that the Authority could continue to operate the *M/V Iyanough's* four-trip daily schedule on New Year's Day or could provide only three round trips that day, not running the usual 4:30 p.m. trip from Hyannis or the 6:00 p.m. trip from Nantucket. Mr. Ranney initially stated that he would prefer a three-round trip schedule, but after Mr. Marshall pointed out that there was an insignificant difference in cost to run the usual daily four trips, Mr. Ranney agreed that the *M/V Iyanough* should continue to operate on its usual four-trip schedule that day.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Marshall -- to extend the *M/V Iyanough's* operating schedule this year by one day, in order for it to continue operating on New Year's Day, January 1, 2013, instead of stopping service at the end of the day on December 31, 2012, as recommended by management in Staff Summary #GM-601, dated September 20, 2012.

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

Mr. Tierney then introduced Nantucket Town Manager Elizabeth ("Libby") Gibson.

Preliminary 2013 Operating Budget:

Mr. Davis presented the preliminary draft of management's proposed 2013 Operating Budget for the Members' review and comments, noting that the Authority's final budget will not need to be approved until the Members' next meeting on October 23, 2012. Mr. Davis reported that the Authority's total operating expenses in 2013 were expected to approach $83,100,000, representing a $3,100,000 or 3.9% increase in total operating expenses compared to management's most recent estimate for 2012 (based on seven months actual expenses and five months budgeted expenses). Mr. Davis also reported that the most significant increases in projected costs were attributable to the following:

(a) Fuel expense was expected to be around $10,137,000 in 2013, or an 8.8% increase over the estimate for 2012, based on the assumption that the price of crude oil will range between $95 and $99 per barrel.

(b) Depreciation expense was expected to increase by 5% next year, with the addition of a full year of depreciation for the *M/V Eagle* mid-life refurbishment project and the sewer pump-out facilities, and a partial year of depreciation for the Palmer Avenue parking lot improvements project.

(c) Overall, maintenance expense was expected to increase by $1,528,000 or 16.8% in 2013. Increases in vessel repair expenses were expected, as dry-docks are scheduled for the *M/V Island Home*, the *M/V Nantucket*, the *M/V Katama* and the *M/V Gay Head* in 2013. In addition, engine overhauls are scheduled for the *M/V Martha's Vineyard*, the *M/V Island Home*, the *M/V Eagle* and the *M/V Iyanough*. Terminal repairs were expected to increase by $223,000 or 27.9%, with dolphin fender repairs in Nantucket being the largest scheduled item in 2013.

(d) Health care expense was expected to increase by $573,000 or 8.3% compared to the current estimate for 2012, despite increased contributions by employees for their medical coverage.

Mr. Davis further reported that the Authority's total operating revenues, prior to any rate increases, were projected to be around $86,500,000 for 2013, representing a 1.3% increase from this year's currently estimated revenues. Accordingly, Mr. Davis said, in order to cover next year's cost of service, the Authority will need an additional $1,500,000 of revenues from anticipated rate increases (approximately $500,000 from the Martha's Vineyard route and $1,000,000 from the Nantucket route) in order to arrive at a projected net operating income next year of around $3,157,500.

In response to a question from Mr. Tierney, Mr. Davis stated that the *M/V Eagle's* engines were not overhauled as part of its mid-life refurbishment. Then, in response to a question from Mr. Marshall, Mr. Davis stated that the Authority's advertising expense was budgeted at the same amount that the Authority was expected to spend on advertising this year, namely, $1,050,000. Mr. Davis stated that the reason the current estimated 2012 advertising expenses were $1,335,000 instead of $1,050,000 was that the Authority had paid certain of those expenses earlier in the year than budgeted. By the end of the year, Mr. Davis said, management expected that the Authority's advertising expenses will be much closer to the budgeted amount, and he was confident that the budgeted amount will be sufficient for next year as well.

Also in response to a question from Mr. Marshall, Mr. Davis stated that management expected to receive around $796,000 in license fees during 2013, noting that the budgeted amount of license fees for 2012 had been based upon Hy-Line's traffic figures during part of 2010 and that the number of passengers carried by Hy-Line had significantly increased in 2011 (and had increased even more in 2012).

Finally, in response to a question from Mr. Hanover, Mr. Davis stated that the preliminary budget reflected the Authority's proposed manning levels for its unlicensed vessel employees, which was why the Authority's overall payroll expense was expected to increase by only around $150,000, or 0.5%.

Preliminary 2013 Rate Adjustments:

Mr. Davis then presented management's recommendations regarding which fare increases should be implemented on January 1, 2013 to ensure sufficient income to meet next year's projected cost of service, as follows:

(a) Martha's Vineyard Route – Mr. Davis stated that, on the Martha's Vineyard route, management was recommending that the one-way regular automobile fare be increased by $1.00, that the round-trip excursion fare be increased by $2.00, and that one-way freight tariffs for commercial vehicles under 20 feet in length similarly be increased by the same amounts. Management also was recommending that the cost of the year-round annual Woods Hole/Falmouth parking permits be increased by $25. Mr. Davis noted that, combined, these proposed increases were estimated to generate an additional $487,000 in revenue.

(b) Nantucket Route – Mr. Davis stated that, on the Nantucket route, management was recommending that the one-way regular automobile fare be increased by $5.00, that the round-trip excursion fare be increased by $10.00, that one-way freight tariffs for commercial vehicles under 20 feet in length similarly be increased by the same amounts, and that freight tariffs for commercial vehicles 20 feet in length or longer be increased on average by 6.5%. Management also was recommending that the daily rates for parking in the Lewis Bay Road and Yarmouth Road lots from May 1 through June 14 and from September 15 through October 14 be increased from $12 to $15, and that the cost of the year-round annual Hyannis parking permits be increased by $50. Mr. Davis noted that, combined, these proposed increases were estimated to generate an additional $989,000 in revenue.

Mr. Ranney stated that he was reluctant to eliminate the 33 year-round parking permits at the Hyannis terminal, observing that those permit holders would be greatly inconvenienced. Mr. Ranney acknowledged that this proposed change could generate more income, but he stated that it should be balanced by customer service. Accordingly, Mr. Ranney suggested that management approach those permit holders and ask them to volunteer to move their cars off-site if they don't use them during the summer.

In response, Mr. Lamson stated that the cars of most of the 33 permit holders remain at the Hyannis terminal all summer, and that management would provide the Members with the data showing how frequently those cars are used during the summer months. Mr. Ranney then also expressed his concern that there would not be enough parking spaces at the Lewis Bay Road parking lot for those 33 permit holders, and that they would then be forced to park at the Yarmouth Road parking lot. Therefore, Mr. Ranney said, in any event he would want them to be guaranteed that they will be able to park in the Lewis Bay Road lot and not have to go to the Yarmouth Road lot.

Mr. Balco questioned whether it was necessary to increase the Martha's Vineyard excursion fares by two dollars round trip, observing that the amount represented quite a hit to island residents. Mr. Hanover noted that in some areas customers had not seen a rate increase for several years, and suggested that he sit down with Messrs. Balco and Huss to review which fares were the most appropriate ones to raise.

Mr. Lowell recounted how the Authority had made a lot of changes with respect to its Hyannis parking lots in a short period of time, especially for the year-round Hyannis permit holders, and he suggested that any further changes next year be made voluntarily by the permit holders after they are informed of the reasons for parking at the Lewis Bay Road parking lot instead of at the Hyannis terminal. However, Mr. Lowell acknowledged that management had been right about moving many of the previous on-site permit holders to the off-site lots and that the Authority had made a lot more money as a result of these changes than he had thought it would.

Nantucket resident Phil Gallagher noted that he was a frequent rider of the Authority's shuttle buses and, now that the Authority had at least one new bus that opens up in the back, it was much easier for customers to travel with lots of items on the shuttle buses.

In response to a question from Mr. Ranney, Mr. Davis stated that, after the Authority made available more spaces in Hyannis terminal parking lot for daily parkers, its revenues from that lot had increased by $77,000 through August 2012. Mr. Davis also stated that management was estimating that even more revenue will be generated by transferring the remaining permit holders (except for those driving vehicles with handicapped license plates) to the Lewis Bay Road parking lot during the summer, although he acknowledged that all 33 of those permit holders were Nantucket residents. Mr. Marshall noted that the amount of the extra revenue generated during the months of July and August alone would roughly be around $12,000 per parking space, assuming that the space was sold at $20 per day for each of those sixty days. Mr. Jones also stated that it was obvious from the dramatic increase in parking revenues at the Hyannis terminal this past summer that the changes had accomplished what they were designed to do.

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

Mr. Lamson then asked the Members to award Contract No. 17-12 for dry-dock and overhaul services for the *M/V Martha's Vineyard* to Thames Shipyard and Repair Company of New London, Connecticut, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $286,340. Mr. Lamson noted that originally the *M/V Martha's Vineyard* had not been scheduled to be dry-docked until September 2013, but that for operational reasons its dry-dock had been rescheduled for October 2012 to allow the repair periods for the four large passenger/vehicle ferries to be rotated as follows beginning in the fall of 2013: *M/V Nantucket* (fall); *M/V Martha's Vineyard* (fall-winter); *M/V Eagle* (winter-spring); and *M/V Island Home* (spring).

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to award Contract No. 17-12 for dry-dock and overhaul services for the *M/V Martha's Vineyard* 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 $286,340, as recommended by management in Staff Summary #E 2012-5, dated September 19, 2012.

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

Hyannis Decorative Railing Replacement:

Mr. Lamson then asked the Members for authorization to award Contract No. 22-12 for the replacement of the decorative railing on the perimeter of the main pier and along the staging area at the Hyannis terminal to the lowest eligible and responsible bidder for the contract following the opening of bids that was then scheduled for October 4, 2012. Mr. Lamson stated that the contractor would be required to complete the contract, which is estimated to cost around $250,000, by no later than December 31, 2012. Mr. Marshall asked Mr. Lamson how many potential bidders for the contract had been provided with the invitation for bids, but Mr. Lamson stated that he did not have that information with him at the meeting.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract No. 22-12 for the replacement of decorative railing at the Hyannis terminal to the lowest eligible and responsible bidder for the contract following the opening of bids therefor, as recommended by management in Staff Summary #E 2012-6, dated September 19, 2012.

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

Port Council's Report:

Mr. Jones reported that, at their meeting earlier that month, the Port Council had discussed the Hyannis parking lots, the 2013 summer and fall operating schedules, the emergency transportation policy and SeaStreak's request to suspend its ferry service from November 2012 through April 2013. Mr. Jones also reported that Ms. McHugh had shown the Port Council some of the products that management intended to sell on the Authority's on-line store.

Mr. Lowell noted that Director of Engineering and Maintenance Carl R. Walker was not present that day, but stated that the Authority should have a presentation regarding the need to comply with the Environmental Protection Agency's Tier 4 emission standards and how much it was going to cost. In response, Mr. Lamson stated that overhauls of Authority vessel engines were performed by the Authority at its Fairhaven vessel maintenance facility and, therefore, are not included in any of the Authority's shipyard contracts. In addition, Mr. Lamson noted that any engines built before 2015 will not have to comply with Tier 4 emission standards, only Tier 2 and Tier 3 emission standards. In this regard, Mr. Lamson stated that although the objective of the Tier 2 and Tier 3 emission standards, which is to reduce particulate matter by 25%, will require the Authority to purchase more expensive certified engine parts, those parts will reduce the Authority's usage of lube oil by 33%. As a result, Mr. Lamson said, while compliance with the standards will cost $50,000 more per engine when an engine is overhauled every five-to-seven years, the amount the Authority will save in lube oil will offset that incremental cost.

Mr. Lowell noted that the Members had not voted on the *M/V Iyanough's* operating schedule for 2013. In response, Mr. Lamson stated that management would be proposing to start the vessel's schedule on April 10, 2013, a little earlier than it had started this past year, in order to allow Hy-Line to take the *M/V Grey Lady* out of service for some dry-dock work. Mr. Lamson also noted that the Authority cannot start the schedule any earlier because it needs the time to perform two major engine overhauls on the *M/V Iyanough* this upcoming winter, so if Hy-Line takes the *M/V Grey Lady* out of service before April 10, 2013, Nantucket's only high-speed ferry service until that date will be provided by Hy-Line's *M/V Lady Martha*. Mr. Lowell stated that whenever Hy-Line substitutes the *M/V Lady Martha* for the *M/V Grey Lady*, the vessel is full, even on a weekday. Therefore, Mr. Lowell said, both the Authority and Hy-Line needed to develop better coordinated schedules for their high-speed service.

Nantucket New Year's Festival:

Director of Nantucket Visitor Services Director Kate Hamilton-Pardee and Nantucket photographer Amy Baxter informed the Members of their planned New Year's Festival for Nantucket from December 29, 2012 through January 1, 2013, during which there will be numerous events on the island. They also thanked the Members for extending the *M/V Iyanough's* operating schedule by one day so that it will continue service through New Year's Day.

Reservation Call Wait Times:

In response to a question from Mr. Ranney as to why the average wait time for reservation calls to the Authority's Reservation Office during the month of August 2012 had been double the average wait time during the same month in 2011, Mr. Lamson stated that it was taking longer for the reservation clerks to make reservations that customers want because more trips have been sold out this year. Mr. Lamson also stated that the Customer Service Department had lost some employees during the summer who had not been immediately replaced.

Mr. Ranney then asked whether the Authority should have a goal as to the maximum time someone should be on hold and said that, in his opinion, four minutes was too long a time. Both Mr. Lamson and Ms. Barboza agreed, and Ms. Barboza declared that it was definitely her goal to reduce that average wait time next year and, in order to do so, in 2013 she would be hiring more reservation clerks sooner in the year.

Excursion Travel for College Students:

Mr. Ranney then thanked Mr. Lamson, Ms. Barboza and Ms. Claffey for simplifying the application that college students have to submit to be eligible for excursion travel.

Vessel Passenger Areas:

Mr. Ranney suggested that management consider creating a small space on the *M/V Eagle* and the *M/V Island Home* for a history corner where exhibits and artifacts can be displayed for the benefit of the Authority's passengers.

On-Line Merchandising Program:

In response to a question from Mr. Ranney, Ms. McHugh reported that management hoped to launch the Authority's new on-line merchandising store by Thanksgiving or even earlier. Ms. McHugh stated that, while the store was taking a little more time than expected, it was proceeding very well and that the Authority would be selling a collection of Vineyard Vine products and service tumblers featuring different ferry images.

At approximately 10:57 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 anticipated 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, with respect to collective bargaining, the subjects of discussion included the Authority's negotiations with the Marine Engineers Beneficial Association regarding the Authority's unlicensed vessel employees and the Licensed Officers and Maritime Workers Union regarding the Authority's licensed deck officers; and that with respect to anticipated litigation matters, the subjects of discussion included the Authority's potential claim against Eugene and Roslyn Ratner and the Authority's potential claim against the Maguire Group, Inc. After Mr. Tierney 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. O'Brien -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and anticipated litigation matters, and the purchase, exchange, lease and value of real estate.

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

A TRUE RECORD

Robert L. O'Brien

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

October 23, 2012

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 23rd day of October, 2012, beginning at 9:30 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 John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket (who participated remotely by telephone conference call); Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

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

<u>Mr. Ranney's Remote Participation in the Meeting</u>:

After recounting how the Members had voted last year to allow Members to participate remotely in Authority meetings in accordance with regulations then recently issued by the Office of the Attorney General, Mr. Tierney announced that he had been notified by Mr. Ranney that he desired to participate remotely in this meeting because his geographic distance from Woods Hole made his physical attendance today unreasonably difficult. Mr. Tierney stated that he agreed with Mr. Ranney and that, as the Authority's Chairman, he had determined that Mr. Ranney's physical attendance today was unreasonably difficult due to his geographic distance from Woods Hole and, therefore, that he may participate remotely in this meeting, which included voting on all matters as well. Mr. Tierney noted that Mr. Ranney would be doing so by a conference telephone call that enabled him to be clearly audible to the other Members and for each of the other Members to be clearly audible to him.

Mr. Tierney further announced that, as a result of Mr. Ranney's remote participation in this meeting, all votes taken by the Members shall be by roll call vote.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to approve the minutes of the Members' meeting in public session on September 25, 2012.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for August 2012, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that, at least partly due to the occurrence of Hurricane Irene in August 2011, the Authority had carried more passengers (up 8.7%) and more automobiles (up 5.6%) during the month than it had carried during the same month in 2011, although it carried slightly fewer trucks (down 0.1%). Mr. Lamson also reported that the Authority's operating revenues for the month were $163,000 higher than projected and that the Authority's operating expenses for the month were $162,000 lower than projected, although its fixed charges and other expenses were $46,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $7,318,000, which was $280,000 higher than projected.

Mr. Lamson further reported that, for the first eight months of 2012, the Authority's operating revenues had been $1,167,000 higher than projected, the Authority's operating expenses had been $38,000 higher than projected, and the Authority's fixed charges and other expenses also had been $367,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating income for the first eight months of 2012 had been approximately $7,455,000, around $763,000 higher than projected.

2013 *M/V Iyanough* Operating Schedule:

Mr. Lamson asked the Members for approval of management's proposed 2013 operating schedules for the *M/V Iyanough*. Mr. Lamson noted that management was proposing to start service with the *M/V Iyanough* on April 10, 2013, two weeks earlier than this year, in response to a request from Nantucket Port Council member Nathaniel Lowell for the Authority to make certain that Nantucket has adequate high-speed passenger service when the *M/V Grey Lady* is in the shipyard next spring. Mr. Lamson also noted that, at their meeting earlier in the month, the Port Council had voted to recommend that the Members approve management's proposed schedules.

Mr. Ranney declared that he, Mr. Lowell, and the Nantucket community appreciated the cooperation that management was extending to Hy-Line, and observed that although Hy-Line was one of the Authority's competitors, it provides a service that the island cannot do without.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the 2013 *M/V Iyanough* operating schedules as proposed by management in Staff Summary #RCR 05-12, dated October 17, 2012.

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

2013 Operating Budget:

Mr. Davis asked the Members for approval of management's proposed 2013 Operating Budget, noting that the Authority's total operating expenses in 2013 are expected to approach $83,050,000, which represents more than a $3,250,000 increase (or 4.1%) in total operating expenses compared to the most recent estimate for 2012 (based on eight months actual expenses and four months budgeted expenses). Mr. Davis reported that the most significant increases in the Authority's projected costs were attributable to the following:

(a) Fuel expense is expected to be around $10,113,000 in 2013, or a 7.9% increase over the estimate for 2012, based on the assumption that the price of crude oil will range between $95 and $99 per barrel.

(b) Depreciation expense is expected to increase by $488,000, representing a 5% increase next year, with the addition of a full year of depreciation for the *M/V Eagle* mid-life refurbishment project and the sewer pump-out facilities, and a partial year of depreciation for the Palmer Avenue parking lot improvements project.

(c) Overall, maintenance expense is expected to increase by $1,425,000, or 15.5%, in 2013. Increases in vessel repair expenses are expected, as dry-docks are scheduled for the *M/V Island Home*, the *M/V Nantucket*, the *M/V Katama* and the *M/V Gay Head* in 2013. In addition, engine overhauls are scheduled for the *M/V Martha's Vineyard*, the *M/V Island Home*, the *M/V Eagle* and the *M/V Iyanough*. Terminal repairs are expected to increase by $223,000 or 28%, with dolphin fender repairs in Nantucket being the largest scheduled item in 2013.

(d) Health care expense is expected to increase by $656,000 or 9.7% compared to the current estimate for 2012, despite increased contributions by employees for their medical coverage.

Mr. Ranney expressed concern about the high increase in the Authority's health care costs, but Mr. Marshall noted that the increase would be even greater if the Authority's employees had not agreed to contribute more towards the cost of their health coverage. Mr. Hanover then observed that the Authority was going to have a larger surplus this year than expected, and he suggested that management accelerate some maintenance projects so that they can be completed prior to 2013. Mr. Lamson stated that management was doing so, and Mr. Marshall noted that the replacement of the Hyannis terminal's decorative railing was one project that already had been accelerated.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to adopt the 2013 Operating Budget as proposed by management in Staff Summary #A-549, dated October 17, 2012.

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

2013 Rate Adjustments:

Mr. Davis then asked the Members for approval of management's proposed rate adjustments for 2013 to adequately meet the Authority's projected cost of service and provide sufficient cash transfers to the Authority's special purpose funds during 2013. Mr. Davis stated that, prior to the proposed rate adjustments, the Authority's total operating revenues were projected to be around $86,500,000 for 2013. Accordingly, Mr. Davis said, in order to cover next year's cost of service, the Authority will need to raise an additional $1,500,000 of revenues from rate increases in order to arrive at a projected net operating income next year of around $3,180,000.

Mr. Davis stated that management was recommending that the Authority raise approximately $500,000 from fare increases on the Martha's Vineyard route (representing an overall increase of 1.0% on that route) and $1,000,000 from fare increases on the Nantucket route (representing an overall increase of 2.8% on that route). Specifically, Mr. Davis said, management was recommending the following:

Martha's Vineyard Route:

(a) To increase the regular one-way auto rates on the Martha's Vineyard route by $1.00 year round and to increase the round-trip excursion rates (for both automobiles and commercial vehicles under 20 feet) by $2.00 year round.

(b) To increase the cost of annual and seasonal parking permits at the Woods Hole and Falmouth offsite lots by $25.00 (effective May 15, 2013).

Nantucket Route:

(a) To increase the round-trip excursion rates (for both automobiles and commercial vehicles under 20 feet) by $10.00 year round.

(b) To increase the charge for extended loads from $25.00 to $37.50.

(c) To increase the rates for commercial vehicles over 20 feet by around 7%.

(d) Effective April 10, 2013, to increase the regular one-way passenger rate on the *M/V Iyanough* (as well as the 3-day slow boat/fast boat combination fare) by $1.50, and the round-trip passenger rate on the *M/V Iyanough* by $2.00, resulting in a $69 high-speed round-trip fare (including the passenger embarkation fees).

(e) Effective May 15, 2013, to discontinue the year-round on-site Hyannis terminal parking permit and to increase the cost of the other annual and seasonal parking permits at the Hyannis lots by $50.00.

In response to a question from Mr. Hanover, Mr. Lamson stated that next year the Authority will continue to offer the $50 round-trip fare for passengers traveling on the *M/V Iyanough* who depart from Hyannis and return the same day on Mondays through Thursdays. Mr. Lamson also stated, in response to a question from Mr. Ranney, that management will make certain that there are always a sufficient number of spaces at the Lewis Bay Road parking lot for the Authority's former year-round Hyannis terminal permit holders who will no longer be able to park at the terminal during the summer.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve the 2013 rate adjustments as proposed by management in Staff Summary #A-550, dated October 17, 2012.

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

Hyannis Decorative Railing Replacement:

Mr. Lamson informed the Members that, in accordance with the authorization they gave him at their meeting last month, he had awarded Contract No. 22-12 for the replacement of the decorative railing on the perimeter of the main pier and along the staging area at the Hyannis terminal to New England Spec Inc. (NES Inc.) of Plymouth, Massachusetts, who was the lowest eligible and responsible bidder for the contract following the opening of bids on October 9, 2012. Mr. Lamson reported that the total contract price was $196,212 and that, under the contract, NES Inc. is required to perform the repairs and installation of the decorative railings without causing substantial interference with the terminal operations and to complete the work by December 31, 2012.

Woods Hole Terminal Men's Room Renovations:

Mr. Lamson then asked the Members for authorization to award Contract No. 18-12 for the Woods Hole terminal men's room renovations to the lowest eligible and responsible bidder for the contract following the opening of bids, which was then scheduled to be opened on October 25, 2012. Mr. Lamson stated that the work will involve demolition and disposal of the existing tile on the walls and floor, repair to the walls, installation of new wall and floor tile, installation of new plumbing fixtures, lighting fixtures and bathroom partitions, painting, and replacement of the entrance doors, and that construction was scheduled to begin upon the award of the contract with completion by December 31, 2012.

In response to a question from Mr. Marshall, Mr. Walker stated that he did not have the information regarding how many bid packages for the contract had been taken out. Mr. Marshall then observed that this contract presented a good opportunity for local contractors and he stated that he hoped the work ends up being awarded to one.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Hanover -- to authorize the General Manager to award Contract No. 18-12 for the Woods Hole terminal men's room renovations to the lowest eligible and responsible bidder for the contract following the opening of bids therefor, as recommended by management in Staff Summary #E 2012-8, dated October 17, 2012.

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

Vineyard Haven Terminal Bathroom Renovations:

Mr. Lamson then asked the Members for authorization to award Contract No. 23-12 for the Vineyard Haven terminal bathroom renovations (both the men's and the women's restrooms) to the lowest eligible and responsible bidder for the contract following the opening of bids, which was then scheduled to be opened on November 2, 2012. Mr. Lamson stated that the work will be similar to the work on the Woods Hole terminal men's room renovations, and that construction was scheduled to begin upon the award of the contract with completion by January 30, 2013.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to authorize the General Manager to award Contract No. 23-12 for the Vineyard Haven terminal bathroom renovations to the lowest eligible and responsible bidder for the contract following the opening of bids therefor, as recommended by management in Staff Summary #E 2012-9, dated October 17, 2012.

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

Oak Bluffs Terminal Pier Repairs:

Mr. Lamson then asked the Members for authorization to award Contract No. 21-12 for the Oak Bluffs terminal pier repairs to the lowest eligible and responsible bidder for the contract following the opening of bids, which was then scheduled to be opened on November 7, 2012. Mr. Lamson stated that the main pier section of the Oak Bluffs terminal's pier was not included in the most recent terminal improvements that were completed in 2010 and is now in need of repair. Specifically, Mr. Lamson said, the area of the main pier adjacent to the transfer bridge is worn due to exposure to the elements, heavy vehicle traffic and trucks turning in this area prior to loading onto the freight vessels, and the contract will require the contractor to remove and replace approximately 3,000 square feet of pier decking and wooden piles, to shim other existing piles under the pier, to repair cross bracing, and to replace the rubber fenders on a damaged dolphin. Mr. Lamson also stated that the work was expected to begin upon the award of the contract and be completed by December 31, 2012.

Mr. Marshall asked Mr. Lamson why there was a rush to complete the work before the end of the year. In response, Mr. Lamson stated that management wanted these costs to be included in 2012's operating expenses rather than in the operating results for 2013.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to authorize the General Manager to award Contract No. 21-12 for the Oak Bluffs terminal pier repairs to the lowest eligible and responsible bidder for the contract following the opening of bids there-for, as recommended by management in Staff Summary #E 2012-10, dated October 18, 2012.

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

Port Council's Report:

Mr. Jones reported that, at their meeting earlier that month, the Port Council had reviewed management's proposed 2013 operating budget. Specifically, Mr. Jones said, whether the Authority is able to meet its budget next year depends in large part on what happens with fuel prices and, in this regard, Mr. Jones noted that the Authority's hedging program has limited the Authority's financial exposure from rising fuel prices to around $700,000.

Mr. Jones also reported that the Port Council had discussed management's proposed rate adjustments and how Mr. Lowell had suggested raising several different rates in order to arrive at an overall revenue increase of $1,000,000 on the Nantucket route. Mr. Jones noted, however, that those rate increases included passenger fares on the *M/V Iyanough*, which he personally did not support, although ultimately all of the Port Council members agreed to the entire package. In this regard, Mr. Jones recounted how Mr. Lamson had presented the Port Council with statistics on how many customers traveling on the 1-3 day, slow/fast combo ticket return the same day, and how few return on the third day, which Mr. Jones observed showed that there is not a need to allow people to travel on this ticket within four days instead of three.

After Mr. Jones reported that other statistics showed how few times Hyannis terminal on-site parking permit holders went in and out of the parking lot during this past summer, indicating that the on-site parking spaces had become VIP spaces for people simply to leave their cars sit, Mr. Marshall noted that the same was true with respect to Woods Hole parking permit holders.

Mr. Jones then reported that Mr. Lowell had suggested that the Authority increase the number of children who can travel on an excursion ticket, but that Mr. Lamson had responded by saying that he would rather unbundle the excursion tickets so that automobiles and passengers are charged separately.

Mr. Jones noted that Mr. Balco had asked management to provide an estimate of the average number of children who travel on each excursion ticket so that the Port Council can consider this issue further.

On-Line Merchandising Program:

In response to a question from Mr. Ranney, Mr. Lamson reported that management was finalizing the designs of some of the products that will be offered on the Authority's new on-line merchandising store and that he hoped to launch the program by the end of the year as part of the Authority's new website. Mr. Lamson also stated that the store will start with a few products, although more products will be added after the launch.

Reservation Call Wait Times:

Mr. Ranney declared that he was very impressed by Ms. Barboza's ability to reduce the average wait time for calls made to the Reservations Office from around four minutes in August 2012 to less than 30 seconds in September 2012.

Customer Service:

Mr. Huss recounted how a customer who had gotten off the ferry at Woods Hole had discovered that she had lost her airline ticket when she was about to board the bus to Logan Airport. Mr. Huss stated that Woods Hole ticket seller Allison Souza had helped the customer by calling Mr. Davis, who then printed her ticket for her. As a result, Mr. Huss said, the customer was able to make her flight overseas and was very impressed with the service that she received from both Ms. Souza and Mr. Davis.

At approximately 10:12 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 anticipated 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, with respect to collective bargaining, the subjects of discussion included the Authority's negotiations with the Marine Engineers Beneficial Association regarding the Authority's unlicensed vessel employees and the Licensed Officers and Maritime Workers Union regarding the Authority's licensed deck officers; and that with respect to anticipated litigation matters, the subjects of discussion included the Authority's potential claim against Eugene and Roslyn Ratner and the Authority's potential claim against the Maguire Group, Inc. After Mr. Tierney 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. Marshall's motion, seconded by Mr. Ranney -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and anticipated litigation matters, and the purchase, exchange, lease and value of real estate.

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

A TRUE RECORD

Robert L. O'Brien

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

November 20, 2012

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 20th day of November, 2012, beginning at 9:30 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 John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket (who participated remotely by telephone conference call); Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth.

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

<u>Mr. Ranney's Remote Participation in the Meeting</u>:

Mr. Tierney announced that he had been notified by Mr. Ranney that he desired to participate remotely in this meeting because his geographic distance from Woods Hole made his physical attendance today unreasonably difficult. Mr. Tierney stated that he agreed with Mr. Ranney and that, as the Authority's Chairman, he had determined that Mr. Ranney's physical attendance today was unreasonably difficult due to his geographic distance from Woods Hole and, therefore, that he may participate remotely in this meeting, which included voting on all matters as well. Mr. Tierney noted that Mr. Ranney would be doing so by a conference telephone call that enabled him to be clearly audible to the other Members and for each of the other Members to be clearly audible to him.

Mr. Tierney further announced that, as a result of Mr. Ranney's remote participation in this meeting, all votes taken by the Members shall be by roll call vote.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to approve the minutes of the Members' meeting in public session on October 23, 2012.

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

Results of Operations:

Mr. Davis summarized the results of the Authority's operations for September 2012, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Davis reported that the Authority had carried slightly more passengers (up 0.1%) and automobiles (up 0.1%) during the month than it had carried during the same month in 2011, although it had carried fewer trucks (down 3.8%). Mr. Davis also reported that the Authority's revenues for the month were $123,000 higher than projected and that the Authority's expenses and fixed charges for the month were $51,000 lower than projected. As a result, Mr. Davis said, the Authority's net operating income for the month had been around $2,265,000, which was $174,000 higher than projected.

Mr. Davis further reported that, for the first nine months of 2012, the Authority's operating revenues had been $1,179,000 higher than projected and the Authority's operating expenses had been $46,000 lower than projected. As a result, Mr. Davis said, the Authority's net operating income for the first nine months of 2012 had been approximately $9,719,000, around $937,000 higher than projected. In response to a question from Mr. Marshall, Mr. Davis stated that, by the end of the year, the Authority's net operating income should be much closer to budget, as management was undertaking a number of maintenance projects that had not been included in the budget for this year.

Mr. Ranney asked whether the repair of the restrooms on the *M/V Eagle* was also going to be a serious expense, noting that they had been out of service for three days. In response, Mr. Davis stated that he did not know what work was being done with respect to those restrooms, but that he would check on it and report back to Mr. Ranney.

2013 Reservation Opening Dates:

Mr. Davis then reviewed with the Members the various dates when the Authority will begin accepting reservations from island residents and the general public for the 2013 Summer and Fall Operating Schedules, as follows:

Reservations for the Summer Schedule:
(05/16/2013 through 10/15/2013)

- Headstart reservations will be accepted (by mail and internet only) from January 8, 2013 through January 13, 2013
- Reservations for the general public will be accepted by mail and over the internet beginning January 15, 2013.
- Telephone reservations for the general public can be made beginning January 22, 2013.

Reservations for the Fall Schedule:
(10/16/2013 through 01/01/2014)

- Reservations for the general public will be accepted (by mail, internet and telephone) beginning June 17, 2013.

In addition, Mr. Davis noted that the "reservation-only" days for vehicles traveling on the Martha's Vineyard route will be every Friday, Saturday, Sunday and Monday from June 21 through September 3, as well as from May 24 through May 28 (around Memorial Day), July 3 and July 4 (around Independence Day) and October 11 and October 14 (around Columbus Day). In response to a question from Mr. Hanover, Mr. Davis stated that these dates essentially were the same as the ones for 2012, which had worked out very well, except that they had been adjusted for the change in the calendar.

2013 Capital Budget:

Mr. Davis then reviewed management's proposed 2013 Capital Budget, noting that it included 13 new capital projects, increases in two capital projects that already had been approved, and $500,000 of miscellaneous projects costing less than $50,000 each, with an aggregated estimated cost of $6,871,000. Mr. Davis stated that, after the completion of those projects and the Authority's current capital projects which already have been approved, the Authority should still have around $2,770,000 for contingencies or potential additional capital projects in its various special purpose funds, not including $6,550,000 that is also projected to be transferred into those funds during the latter half of 2013. Mr. Davis described the new and expanded capital projects as follows:

(a) Palmer Avenue Parking Lot Improvements (now estimated to cost $3,110,000, although Mr. Davis noted that the estimate was then being reviewed and updated based upon various options and configurations for that facility);

(b) Design and Engineering for the Thomas B. Landers Parking Facility (now estimated to cost $500,000);

(c) Sewage Pump-Out Upgrades for each of the following vessels: *M/V Island Home* ($235,000); *M/V Nantucket* ($160,000); *M/V Katama* ($192,000); *M/V Gay Head* ($192,000); and *M/V Governor* ($95,000);

(d) New Building at the Fairhaven Vessel Maintenance Facility (replacing the two "Be Careful" and "Lobster" buildings) ($1,450,000);

(e) A Maintenance Utility Truck with Snow Package ($52,000);

(f) Server and Storage Replacements ($240,000);

(g) Network Upgrades ($195,000);

(h) Printer Replacements ($185,000);

(i) Personal Computer Replacements ($125,000);

(j) A New Shuttle Bus for the Hyannis Terminal Operations ($115,000) and

(k) Two New Shuttle Buses for the Woods Hole Terminal Operations ($300,000).

In response to a question from Mr. Marshall, Mr. Davis stated that the purpose of the proposed parking lot reservations system is to integrate the availability of parking spaces, primarily those at the Hyannis terminal parking lot, with the Authority's on-line reservation system so that customers can reserve parking spaces on-line at the time they make their high-speed ferry passenger reservations. When Mr. Marshall then asked whether there was a deficiency in the system now that was worth spending $100,000, Mr. Davis noted that the Authority was losing high-speed ferry customers because it could not guarantee them on-site parking at the Hyannis terminal.

In response to a question from Mr. Hanover, Mr. Rozum stated that the new shuttle bus for the Authority's Hyannis operations would be fueled by compressed natural gas (CNG), while the two shuttle buses for the Authority's Woods Hole operations would use diesel fuel.

Mr. Hanover expressed his concern that the website redesign project appeared to be a bottomless pit. In response, Mr. Davis stated that management had been working closely with iMarc in an attempt to launch the new website in December 2012 before the opening of Headstart reservations, but that this deadline probably would not be met because there were still a number of outstanding issues that were being worked on on a daily basis. Mr. Davis also stated that the new website should be launched next year prior to the start of the summer season.

In response to a question from Mr. Ranney, Ms. Claffey stated that she did not think it was necessary to stop working with iMarc and turn to another firm to complete the project. Although Ms. Claffey acknowledged that it had been a very long process and that the website was not yet ready to launch, she declared that it was still an excellent project. Ms. Claffey also noted that the $520,000 cost of the project included hardware that had to be purchased to ensure that the system had appropriate redundancy, and that the need for this hardware had not been anticipated at the commencement of the project.

In response to a question from Mr. Hanover, Mr. Davis stated that the $35,000,000 cost estimate for a replacement vessel in year 2015 of management's proposed five-year capital improvement plan represented a midpoint between what management believes a freight boat will cost and what a large passenger vessel will cost. Mr. Davis noted that management was attempting to finalize its review of this subject and would be presenting its findings to the Members within a month or so.

Mr. Ranney then questioned whether the Authority should be spending $20,000,000 to replace the Woods Hole terminal, observing that the administrative offices did not serve any revenue-generating functions and asking whether the building can simply be improved instead. But Mr. Davis observed that much of that cost represented upgrades to the terminal's slips, noting the its sheet piling is over 30 years old, that the terminal's transfer bridges are significantly shorter than the transfer bridges at all of the Authority's other terminals, and that the third slip is not operational. Mr. Sayers also stated that the first task of the design team for the project will be to conduct a feasibility study to determine what needs to be done, and he noted that General Manager Wayne C. Lamson specifically had stated that he wanted the design team to consider the relatively less expensive option of simply upgrading the existing facilities. Mr. Marshall also recounted how the Authority had developed substantial good will with the community over the past several years and that it needed to maintain that relationship by considering what the surrounding neighborhood wants.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to adopt the Authority's 2013 Capital Budget, as proposed by management in Staff Summary #A-551, dated November 13, 2012.

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

Food Concession Contract:

Mr. Davis then requested that the Members award the Authority's new food concession contract, which will run the next five years from January 1, 2013 through December 31, 2017, to Centerplate (formerly known as Boston Culinary Group) of Stamford, Connecticut, which has a local office in Mashpee, Massachusetts. Mr. Davis noted that Centerplate is the Authority's current food concessionaire and has been providing the Authority's food service since 1993. Mr. Davis also reported that, although management had forwarded notices of Request for Proposals package for this contract to 13 qualified firms, ultimately BCG was the only concessionaire that submitted a responsive proposal.

Mr. Davis reported that management's evaluation committee had given highly advantageous ratings to Centerplate's background information, operating experience and proposed operating plan, in which Centerplate proposed various potential changes to its current operations. Mr. Davis stated that these changes include improvements to the customer experience at the Hyannis terminal concession area, improvements to the *M/V Iyanough* food counters, and the implementation of a "Grab n' Go" concept for sandwich selection onboard the vessels. Mr. Davis also noted that Centerplate will be spending around $325,000 in improvements to its service, and that management was recommending that the Authority also spend around $275,000 in replacing certain equipment, upgrading the vessels' water filtration systems used for beverage service, and making improvements to the Hyannis terminal café area. If the Members were to agree with management's recommendation, Mr. Davis said, Centerplate will also continue to pay the Authority concession fees equal to a percentage of its sales (16% on food, 22.5% on alcoholic beverages, 20% on vending and 19.2% on merchandising).

Mr. Ranney stated that he agreed with management's recommendation not to have Centerplate sell Dunkin' Donuts brand coffee on the Authority's boats, and he asked what Centerplate's plans were for expanding its service at the Authority's Hyannis terminal. Centerplate Senior Vice President Dave Oberlander stated that Centerplate wanted to refresh the food service area's look to that of a café serving espresso and cappuccino, and to open up the area to the outside patio facing the water so that customers could eat there while they wait for their boat. In this regard, Mr. Oberlander noted that Nantucket-bound passengers spend more time at the Hyannis terminal than Martha's Vineyard-bound passengers spend at the Woods Hole terminal because the trips on the Nantucket route are not as frequent.

In response to a question from Mr. O'Brien, Mr. Oberlander stated that Centerplate was proposing its "Grab n' Go" service because of recent improvements to high-end sandwiches that are fully prepared in advance. In addition, Mr. Oberlander said, the service will reduce the amount of time it takes for customers to buy sandwiches, which will help get more people through the line as quickly as possible, while Centerplate will also continue to offer a freshly made hot sandwich and cold sandwich each day.

In response to a question from Mr. Jones, Mr. Oberlander stated that Centerplate also wanted to sell food from a push cart at the Hyannis terminal's high-speed ferry slip because many of those passengers do not go inside the terminal building. However, Mr. Oberlander cautioned that Centerplate would need assistance in obtaining approval of the push cart service from the Town of Barnstable.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Ranney -- to award the Authority's Food Concession Contract, Contract No. 14-12, to Centerplate of Stamford, Connecticut, with a term commencing January 1, 2013 through December 31, 2017, as recommended by management in Staff Summary #A-552, dated November 13, 2012.

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

Contract for Auditing Services:

Mr. Davis then asked the Members to appoint McGladrey LLP of Boston, Massachusetts as the Authority's independent auditors and have them furnish an independent annual audit of the Authority's financial statements for each of the years 2012, 2013 and 2014. Mr. Davis reported that the Authority had received seven responses to its request for proposals from accounting firms to provide the Authority with auditing services, and that management had selected McGladrey LLP's proposal as being the most advantageous for the

Authority due to a number of factors. Mr. Davis stated that these factors included the firm's additional resources, the proposed transition plan from the Authority's previous auditors, Deloitte & Touche LLP, the firm's familiarity with the Authority's operations and information systems, and the continuity of the firm's staff combined with personnel rotation. Finally, Mr. Davis noted that McGladrey LLP's proposed fees for this year's audit were $115,000, just slightly higher than the fees proposed by BlumShapiro, which management had selected as the second ranked accounting firm.

In response to a question from Mr. O'Brien, Mr. Davis stated that he had been assured that Daniel Bonnette of McGladrey LLP would be assigned to the Authority's account and available for the Authority. In this regard, Mr. Davis noted that Mr. Bonnette was heading up McGladrey LLP's public sector office and that he was responsible for the New England region.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to appoint McGladrey LLP of Boston, Massachusetts, as the Authority's independent auditor to provide a comprehensive financial audit and related services for the fiscal years ending December 31, 2012, 2013 and 2014, as recommended by management, and for the fees specified, in Staff Summary #A-553, dated November 13, 2012.

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

Woods Hole Terminal Men's Room Renovations:

Mr. Davis informed the Members that, in accordance with the authorization they had given Mr. Lamson at their meeting last month, Mr. Lamson had awarded Contract No. 18-12 for the Woods Hole terminal men's room renovations to the lowest eligible and responsible bidder for the contract, Nadeau Corporation of South Attleboro, Massachusetts, for a Total Contract Price of $72,499. Mr. Davis noted that the work involves demolition and disposal of the existing tile on the walls and floor, repair to the walls, installation of new wall and floor tile, installation of new plumbing fixtures, lighting fixtures and bathroom partitions, painting, and replacement of the entrance doors, and that the work is scheduled to be completed by the end of the year.

Vineyard Haven Terminal Bathroom Renovations:

Mr. Davis then reported that, also in accordance with the authorization they had given Mr. Lamson at their meeting last month, Mr. Lamson had awarded Contract No. 23-12 for the Vineyard Haven terminal bathroom renovations (both the men's and the women's restrooms) to the lowest eligible and responsible bidder for the contract, which was again Nadeau Corporation of South Attleboro, Massachusetts, for a Total Contract Price of $199,987. In addition, Mr. Davis stated that the work will be similar to the work on the Woods Hole terminal men's room renovations, and that the work is scheduled to be completed by the end of January 2013.

Oak Bluffs Terminal Pier Repairs:

Mr. Davis then noted that, at their meeting last month, the Members also had authorized Mr. Lamson to award Contract No. 21-12 for the Oak Bluffs Terminal pier repairs to the lowest eligible and responsible bidder for that contract. However, Mr. Davis said, the pier subsequently suffered considerable damage from "Superstorm Sandy," including piles that no longer support the structure, split stringers, destroyed decking, and damage to the transfer bridge and electrical system connections. Mr. Davis stated that, as a result of this damage, Contract No. 21-12 was cancelled and the additional repairs will be incorporated into a new contract in order to make the pier operational for the 2013 summer season. In this regard, Mr. Davis noted that the cost estimate for all of the repairs now exceeds $1,000,000.

In response to questions from the Members, Mr. Davis stated that the Authority was not insured for this type of damage, as such insurance is not available. Mr. Davis also stated that the Authority already had an engineer review the damage and provide a preliminary cost estimate for the necessary repair work, although the plans were not yet finalized. Mr. Davis also noted that the cost estimate also included work that the Authority had been planning to perform anyway, and that all of the work will be performed next year.

In response to a question from Mr. Ranney, Mr. Hanover stated that the U.S. Army Corps of Engineers previously had denied a request to build a breakwater offshore that would help protect the area from coastal storms. In response to a question from Mr. Balco, Mr. Davis then stated that the Authority would like to apply for FEMA assistance, but that Massachusetts had not been declared a disaster area. In this regard, Mr. Davis said, when the Authority's engineers reviewed the damage, they were accompanied by representatives from MEMA who indicated that they were preparing an application to the Governor for FEMA funding. Mr. Davis also reported that those representatives had been provided the Authority's preliminary cost estimates for all of the repair work.

Mr. Marshall noted that, due to the exposure of the Oak Bluffs facility, the Authority was already investing a lot of good money into that facility and that the situation was not going to get any better over time. Mr. Marshall acknowledged that he did not know what the answer is to this problem, but he asked whether the pier could be overbuilt so that it can withstand such storms or whether it could be engineered in a better way. In this regard, Mr. Marshall noted that there are some large piers which are designed to come out of the water entirely when they are not in use. In response, Mr. Davis stated that he would convey Mr. Marshall's questions to the Authority's engineers.

Port Council's Report:

Mr. Jones reported that, during the Port Council's review of Centerplate's proposal at their meeting earlier that month, the Port Council had agreed with Centerplate for the firm to attend a Port Council meeting annually for the purpose of reviewing the food concession's operations. Mr. Jones also noted that, in accordance with Centerplate's proposal, it cannot increase its prices greater than the increase in the Consumer Price Index without the approval of the Authority's management. Finally, Mr. Jones informed the Members that the next Port Council meeting had been changed from December 5, 2012 to December 12, 2012.

The Authority's Bond Limit:

Mr. Hanover then recounted how he and Mr. Balco had discussed the situation regarding the Authority's current bond limit, observing that the last time the limit had been increased was in 1991. Therefore, Mr. Hanover said, as much as he was hesitant to ask the Legislature for anything, he felt there was going to be a need to increase the bond limit within the next few years. In this regard, Mr. Balco pointed out that, given the long passage of time, this should not be characterized as much as an "increase" in the bond limit, but more as an "adjustment" to the bond limit to account for intervening inflation.

Nevertheless, Mr. O'Brien declared that it would be pretty risky business for the Authority to ask the Legislature for any increase in the bond limit, and that there would have to be a lot of good reasons for such an increase. In response, Mr. Balco stated that he was suggesting that the Authority make the request sooner, at an opportune time when it was anticipating a need for the increase, rather than waiting until it was necessary to accept an increase on someone else's terms.

Mr. Marshall stated that he would agree with Mr. Balco if the Authority were a private business, but that he did not feel the Authority is financially stressed to the point of needing an increase in its bond limit. Mr. O'Brien also stated that he would want to see a 10-year forecast of the Authority's capital needs before considering making such a request. However, Mr. Hanover cautioned that the Authority needed to be proactive about this subject and that the Members should keep it in mind. Mr. Ranney agreed, observing that it was something the Members should continue to think about.

Mr. Jones noted that the Port Council also had discussed this subject, and that he had suggested the Authority instead contribute more money to the replacement fund each year to fund the anticipated replacement of its vessels, similar to how the Capital Improvement Plan reflects the anticipated replacement of the Authority's shuttle buses on an annual basis. Mr. Jones acknowledged that this would result in today's customers being charged for tomorrow's vessels, which might reflect a different perspective on whom should be paying for the Authority's replacement vessels. But Mr. Jones stated that, regardless, the Authority should not approach the Legislature unless it has a good reason to do so.

At approximately 10:39 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 anticipated 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, with respect to collective bargaining, the subjects of discussion included the Authority's negotiations with the Marine Engineers Beneficial Association regarding the Authority's unlicensed vessel employees, the Licensed Officers and Maritime Workers Union regarding the Authority's licensed deck officers, and SEIU Local 888 regarding the Authority's reservation clerks; that with respect to anticipated litigation matters, the subjects of discussion included the Authority's potential claim against Eugene and Roslyn Ratner and the Authority's potential claim against the Maguire Group, Inc.; and that with respect to real estate, the subjects of discussion included the Authority's potential acquisition of 50 Bernard E. Saint Jean Drive in Falmouth Technology Park for use as a new bus maintenance facility and also Lots 65 and 66, located on Langdon G. Burwell Drive in Falmouth Technology Park.

After Mr. Tierney 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.

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

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

At approximately 11:20 a.m., the Members reconvened their meeting in public session. All five Members were present: Chairman John A. Tierney of New Bedford; Vice Chairman H. Flint Ranney of Nantucket (who participated remotely by telephone conference call); Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth. Port Council Chairman S. Eric Asendorf of Falmouth; Port Council Vice Chairman Robert R. Jones of Barnstable; Port Council Secretary George J. Balco of Tisbury, and Port Council member Frank J. Rezendes of Fairhaven were also present, as were the following members of management: Treasurer/ Comptroller Robert B. Davis; Director of Terminal and Parking Operations Mark K. Rozum; and General Counsel Steven M. Sayers.

50 Bernard St. Jean Drive, Falmouth:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to confirm the Purchase and Sale Agreement with Petie Properties, LLC entered into by the General Manager on behalf of the Authority, dated September 28, 2012, for the property located at 50 Bernard St. Jean Drive, Falmouth.

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

Litigation against Eugene and Roslyn Ratner:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Counsel to proceed with litigation against Roslyn G. Ratner and Eugene Ratner to recover damages incurred by the Authority as a result of the *M/V Eagle's* allision with a dolphin at the Nantucket terminal when one of the Ratners' geotextile bags became entangled in the vessel's rudder and propeller.

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

Repair of the *M/ V Eagle's* Restrooms:

Mr. Davis stated that he had been informed that the Authority's Maintenance Department had finished its work on the *M/ V Eagle's* restrooms and that the restrooms were once again open for the public. Mr. Davis reported that the lines on the vessel had needed to be scoped out because, when new flushometers had been installed on the vessel during its mid-life refurbishment, the ones used had been designed to work with fresh water instead of salt water.

Then, at approximately 11:25 a.m., Mr. Tierney stated that he would entertain a motion to adjourn the meeting.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Marshall -- to adjourn the meeting.

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

A TRUE RECORD

Robert L. O'Brien

ROBERT L. O'BRIEN, Secretary

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

December 18, 2012

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 18th day of December, 2012, beginning at 9:30 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 John A. Tierney of New Bedford; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth. Vice Chairman H. Flint Ranney of Nantucket was absent but listened in on the meeting by conference telephone call.

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

<u>Mr. Ranney's Remote Participation in the Meeting</u>:

Mr. Tierney announced that Mr. Ranney would be listening in on the meeting that day by conference telephone call, but that he otherwise would not be participating in the meeting.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to approve the minutes of the Members' meeting in public session on November 20, 2012.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for October 2012, 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 2.7%), automobiles (down 4.5%) and trucks (down 3.7%) during the month than it had carried during the same month in 2011, at least in part attributable to Hurricane Sandy, which had caused the Authority to stop service on the Nantucket route on Saturday, October 27, 2012, and to stop service on both routes on Sunday, October 28, 2012. Mr. Lamson noted that the Authority resumed service on both routes on Monday, October 29, 2012, after the United States Coast Guard reopened the ports in the Authority's operating area.

Mr. Lamson reported that the Authority's operating revenues and other income for the month of October 2012 were $92,000 lower than projected and that the Authority's operating expenses and fixed charges for the month were $208,000 lower than projected. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $394,000, which was $117,000 lower than projected.

Mr. Lamson further reported that, for the first ten months of 2012, the Authority's operating revenues and other income had been $1,199,000 higher than projected, the Authority's operating expenses had been $286,000 lower than projected, and the Authority's fixed charges and other expenses had been $431,000 higher than projected. As a result, Mr. Lamson said, the Authority's net operating income for the first ten months of 2012 had been approximately $9,326,000, around $1,053,000 higher than projected.

Tisbury Park 'n Ride Agreement:

Mr. Lamson asked 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 2013 calendar year. Mr. Lamson noted that, under the agreement, 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 stated that the VTA had reported that a total of 110,603 passengers had used the Park 'n Ride shuttle service during the 12-month period ending October 31, 2012, during which time the Authority had contributed $73,427 towards the cost of the service.

Mr. Lamson then reported that, at their meeting earlier that month, the Port Council had voted to recommend that the Authority renew the agreement. Mr. Hanover agreed, declaring that the Park 'n Ride was a good program and observing that every year the ridership has continued to increase.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to approve and authorize the General Manager to execute a new one-year agreement with the Town of Tisbury and the Martha's Vineyard Regional Transit Authority with respect to the Tisbury Park 'n Ride program, as recommended by management in Staff Summary #GM-602, dated December 13, 2012.

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

Transportation Agreement with the
<u>Martha's Vineyard Regional High School District</u>:

Mr. Lamson asked the Members to renew 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, 2013 through June 30, 2014. Mr. Lamson noted that every year the Authority enters into the agreement to establish a fixed price for the transportation of student groups, teachers, administrators and game officials on school-approved travel for the District's upcoming fiscal year (beginning July 1st) and that the fixed price is intended to reflect approximately a 50% discount over applicable tariff rates. Mr. Lamson observed that, for the last two years, the agreement had established a fixed price of $60,000, which reflected approximately a 50% discount over applicable tariff rates, and that management was recommending that the fixed price under the new agreement continue to be $60,000, as the amount of school-approved travel has remained relatively steady. Mr. Lamson also reported that, at their meeting earlier that month, the Port Council had voted to recommend that the Authority renew the agreement as proposed by management.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- 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, 2013 through June 30, 2014, as recommended by management in Staff Summary #A-554, dated December 13, 2012.

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

Nantucket Super Saver Auto Rate Program:

Mr. Lamson asked the Members to extend indefinitely the Authority's Nantucket Super Saver Auto Rate program on the same terms and conditions as in 2012, provided that management will continue to review the program's effectiveness on an annual basis and propose any revisions to the program at the same time as other rate adjustments are considered for the Nantucket route. Mr. Lamson noted that, this year through December 8th, 748 Super Saver reservations had been used on this route, and that the Authority had allocated a total of 1,160 spaces for the program during the same period on trips that are consistently underutilized. Mr. Lamson also reported that, at their meeting earlier that month, the Port Council had voted to recommend that the Authority extend the program as proposed by management.

Mr. Hanover suggested that, given Mr. Ranney's absence that day, the Members might want to defer the matter until a later meeting. But Mr. Balco reported that Nantucket Port Council member Nathaniel Lowell was strongly in favor of extending the program as proposed by management and Mr. Huss also noted that Mr. Lowell had stated that Mr. Ranney similarly was in favor of management's proposal. Mr. Lamson also observed that, if the Members did not vote to extend the program that day, there would be no Super Saver spaces allocated on the Nantucket route beginning January 1, 2013 even though the Authority was accepting reservations through the 2013 Spring Schedule.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. O'Brien -- to approve the extension of the Nantucket Super Saver Auto Rate Program indefinitely on the same terms and conditions as in 2012, as recommended by management in Staff Summary #GM-603, dated December 13, 2012.

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

Treasurer/Comptroller's Report:

Mr. Davis reported that, during November 2012, the Authority had carried more passengers (up 3.1%), fewer automobiles (down 0.6%) and more trucks (up 2.2%) than during the same month in 2011. Mr. Davis also reported that the Authority's net operating loss for the month was expected to be approximately $2,300,000, around $200,000 lower than what had been budgeted for the month, due to revenues being almost $300,000 higher than projected and expenses being around $100,000 higher than projected. Specifically, Mr. Davis said, the dry-dock expenses for the *M/V Martha's Vineyard* and the *M/V Sankaty* were higher than what had been budgeted and the terminal painting and railing repairs which had been performed in November had not been budgeted at all. Finally, Mr. Davis stated that the Authority's net operating income for the first eleven months of 2012 was expected to be approximately $7,000,000, around $1,250,000 higher than expected.

Mr. Hanover observed that, each month this past year, the Authority had consumed around 4,400 more gallons of vessel fuel than projected and asked what the reason was for this variance. In response, Mr. Davis stated that the Authority's budget had not included all of the *M/V Island Home*'s trips during the 2012 Spring Schedule, that the *M/V Governor* was using more fuel with its new engines, and that those two items accounted for the bulk of the Authority's increased fuel consumption.

Mr. Hanover then noted that the Authority's high-speed ferry traffic had increased by 17.5% this year and that Hy-Line's high-speed ferry traffic on the Nantucket route had fallen by 10%, and he asked what might be the reason for that difference. After Mr. Marshall stated that the only thing different this past year had been an effective marketing program, Mr. Lamson stated that he thought it was a combination of things, including the $50 same-day round-trip fare the Authority was offering for travel on the *M/V Iyanough* on Mondays through Thursdays.

In response to a question from Mr. Marshall, Mr. Davis stated that it appeared the Authority would end the year with a net operating income slightly higher than the $2,800,000 which had been projected in the Authority's 2012 Operating Budget, even after incurring some accelerated expenses and health claim accruals.

Mr. Tierney then took this opportunity to welcome Mr. Ranney's son, Rob Ranney, and introduced him to the audience.

Demolition of the Old Falmouth Ice Rink:

Mr. Lamson asked the Members for authorization to award Contract No. 07-12 for the demolition of the old Falmouth ice rink to the lowest eligible and responsible bidder for the contract following the opening of bids therefor, which was then scheduled for December 20, 2012. Mr. Lamson recounted how the Authority had purchased the property from Falmouth Youth Hockey League in 2011 and was demolishing the building to create additional parking at the Authority's Palmer Avenue parking lot. Mr. Lamson also noted that the original cost estimate for the demolition had been $500,000, but that he hoped the work would end up costing somewhere in the range of $350,000 to $400,000.

In response to a question from Mr. Marshall as to why management felt the contract price might end up being significantly lower than the original cost estimate, Mr. Walker stated that he had discussed the contract with some of the potential bidders for the contract who indicated that they were interested in obtaining the contract at a lower price. Mr. Walker reported that 17 potential bidders had taken out bid packages and that, accordingly, he expected a lot of bids for the contract.

Mr. Walker also stated that, during the month it will take for the contractor to demolish the rink, he did not think the community will notice anyone working there. In response to a question from Mr. Asendorf, Mr. Walker reported that the presence of asbestos at the site had increased the cost estimate for the demolition by around $78,000, and that all other chemical and hazardous materials already had been removed from the facility.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Marshall -- to authorize the General Manager to award Contract No. 07-12 for the Demolition of the Old Falmouth Ice Rink to the lowest eligible and responsible bidder for the contract following the opening of bids therefor, as recommended by management in Staff Summary #E 2012-13, dated December 13, 2012.

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

Hyannis Terminal Wharf Expansion:

Mr. Lamson announced that he had rejected the one bid the Authority received the prior week for Contract No. 16-12 for the expansion of the high-speed ferry wharf at the Authority's Hyannis terminal because the amount of the bid was more than twice the cost estimate that had been provided by the Authority's engineering firm. Mr. Lamson noted that the contract would have required the project to be completed by mid-April 2013, which may have been why the Authority did not receive more bids and why the bid the Authority did receive was so high. However, Mr. Lamson stated that, because the Authority does not have to complete this project by next summer, management will be issuing a new invitation for bids by the end of June 2013 that will require the work to be completed when the *M/V Iyanough* is out of service during the following winter schedule. Mr. Lamson observed that this will hopefully allow potential contractors enough lead time to order materials and schedule the project so that it can be completed in a timely manner.

Dry-Dock and Overhaul Services for the *M/V Katama*:

Mr. Lamson then asked the Members to award Contract No. 24-12 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 $442,690. Mr. Lamson noted that the *M/V Katama* will be at the shipyard from late January 2013 through early March 2013 to undergo a required United States Coast Guard hull examination, machinery inspections, underwater hull cleaning and painting, and replacement of rudder tubes. Mr. Lamson stated that the contract price also includes $185,486 for the installation of a sewage holding tank and evacuation piping, which will be capitalized instead of being an operational expense.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Marshall -- to award Contract No. 24-12 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 $442,690, as recommended by management in Staff Summary #E 2012-15, dated December 13, 2012.

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

Spare Parts for EMD Diesel Engines:

Mr. Lamson then asked the Members to award Contract No. 25-12 for the supply and delivery of spare parts for four EMD 645 diesel engines and two EMD 710 diesel propulsion engines (including one spare EMD 710 turbo-charger) to the lowest eligible and responsible bidder for the contract, Marine Systems Incorporated of Chesapeake, Virginia, for a Total Contract Price of $868,306.29. Mr. Lamson stated that the spare parts were for the EMD diesel propulsion engines on the *M/V Martha's Vineyard*, the *M/V Island Home* and the *M/V Eagle*, which will have accumulated the recommended number of running hours for major overhaul by the end of the 2012-2013 operating seasons. Mr. Lamson also noted that the contract includes equipment that complies with current EPA emissions regulations, the additional cost of which is approximately $50,000 per vessel.

Mr. Marshall asked why, even though management considers the vendor for this equipment to be a sole source, another potential bidder had taken out a bid package. In response, Mr. Lamson stated that the other vendor may not have known what the contract specifications were. In any event, Mr. Lamson said, by putting such sole source contracts out for bid, the Authority finds out whether or not other vendors for the specified equipment might exist. In this instance, Mr. Walker stated that, once the work is done, the Authority requires an EPA certification and that Marine Systems Incorporated is the only authorized dealer for Electro-Motive Diesel, Inc. ("EMD") on the East Coast.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to award Contract No. 25-12 for the Supply and Delivery of Spare Parts for Four EMD 645 Diesel Engines and Two EMD 710 Diesel Propulsion Engines to the lowest eligible and responsible bidder for the contract, Marine Systems Incorporated of Chesapeake, Virginia, for a Total Contract Price of $868,306.29, as recommended by management in Staff Summary #E 2012-16, dated December 13, 2012.

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

Spare Parts for MTU Diesel Propulsion Engines:

Mr. Lamson asked the Members to award Contract No. 26-12 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 $616,367.46. Mr. Lamson noted that, while the Total Contract Price was higher than the $400,000 budget estimate for this contract, management expected to receive a credit of $183,382 upon the return of acceptable equipment cores to the contractor, which will result in the net cost of this contract being around $433,000.

In response to a question from Mr. Jones, Mr. Walker stated that the net price for these two engines' spare parts was only slightly higher than the price the Authority had paid for spare parts for the two engines the Authority had overhauled this past year. Mr. Walker also stated, in response to a question from Mr. Tierney, that the overhaul work being performed this coming year is exactly the same work that the Authority performed this past year on the first two engines.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Marshall -- to award Contract No. 26-12 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 $616,367.46, as recommended by management in Staff Summary #E 2012-17, dated December 13, 2012.

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

Disposal of Surplus Property:

Mr. Lamson asked the Members for authorization to dispose of the diesel electric drives, controls and spare parts associated with the *M/V Governor's* former diesel electric drive system, recounting how the vessel had been repowered to diesel engines and reduction gears after its main drive motors had failed in 2010. Mr. Lamson stated that the surplus equipment, which has an estimated value of between $15,000 and $30,000, will be removed from the vessel, split into lots, advertised on www.govdeals.com, and sold to the highest bidders. In response to a question from Mr. Jones, Mr. Davis stated that the Authority had received around $47,000 from its last sale of surplus equipment. Mr. Walker also stated that the reason he had put this on the agenda for today's meeting was that he had been contacted by someone who is interested in buying these parts.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to authorize the General Manager to dispose of surplus propulsion drive equipment no longer used aboard the M/V Governors via www.govdeals.com, as recommended by management in Staff Summary #E 2012-18, dated December 13, 2012.

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

Port Council's Report:

Mr. Asendorf reported that, during their meeting earlier that month, the Port Council had thoroughly reviewed all of the matters on the agenda that the Members had just completed, and also had a display of the merchandise that is now being sold on the Authority's online store. Mr. Asendorf also reported that the Port Council had received an update of the Authority's new website which is still planned for next year, and had agreed that Centerplate should attend a Port Council meeting in January or February 2013 to discuss its plans for a sandwich station at the Hyannis terminal's high-speed ferry dock next year and whether the Town of Barnstable will allow Centerplate such a station.

Mr. Asendorf then announced that the Port Council had elected Mr. Huss to serve as its Chairman next year, Mr. Jones to serve as its Vice Chairman and Mr. Balco to serve as its Secretary.

Election of Officers:

Mr. Tierney announced that, in accordance with the Authority's Enabling Act, the Nantucket Member will automatically become the Authority's Chairman for the year 2013. Mr. Tierney then entertained motions for the election of the remainder of the Authority's officers for the upcoming year.

IT WAS VOTED -- upon Mr. Marshall's motion, seconded by Mr. Hanover -- to elect Robert L. O'Brien to serve as the Authority's Vice Chairman for the year 2013.

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

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Marshall -- to elect Marc N. Hanover to serve as the Authority's Secretary for the year 2013.

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

2013 Authority Meeting Schedule:

Mr. Lamson then asked the Members to approve the proposed 2013 Authority meeting schedule, which calls for meetings on the third Tuesday of every month during the year. Mr. Lamson stated that, despite the schedule, he would make an attempt to consolidate at least some of the meetings to make certain there is a sufficient amount of business to be conducted at each one. Mr. Huss also noted that the Port Council will be meeting on the first Wednesday of every month during 2013, except that its January 2013 meeting will be on January 9, 2013 instead of January 2, 2013.

IT WAS VOTED -- upon Mr. Hanover motion, seconded by Mr. O'Brien -- to approve the 2013 Authority Meeting Schedule, as set forth in a memorandum to the Members, dated December 13, 2012.

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

Oak Bluffs Terminal Pier Repairs:

In response to a question from Mr. Hanover, Mr. Lamson stated that the engineering for the repairs to the Oak Bluffs Terminal's pier was being finalized and that he expected the work to be completed before the terminal is scheduled to open in May 2013. However, Mr. Lamson noted that the cost of the repairs, which was not included in the 2013 Operating Budget, will be more than $1,000,000 and he did not yet know whether the Authority will receive any financial assistance from the federal government because of Hurricane Sandy. Mr. Lamson also reported that certain portions of the pier are being redesigned in manner to better avoid damage in future storms, such as using steel and concrete pile caps instead of wood.

Mr. Marshall suggested that the Authority consider establishing a reserve for this type of contingency, observing that this was not the first time that the Authority had to deal with the cost of a large repair item and it certainly will not be the last. Mr. Marshall declared that, instead of incurring a one-time charge of $1,000,000 in a particular year, it made more sense to accrue an amount (such as $150,000) each year in a reserve account for this kind of damage. Therefore, Mr. Marshall asked that management consider the ramifications and implications of establishing such a reserve and to promptly present the Members with a recommendation for their consideration.

However, Mr. Lamson noted that the Authority's Replacement Fund, as well as the Authority's Bond Redemption Account, already can be used for any of the Authority's capital projects and that the Authority transfers more than $9,000,000 a year into that fund. Therefore, Mr. Lamson questioned whether creating an additional reserve would simply be duplicating what the Authority already was doing and would require the Authority to increase revenues in order to project the appropriate amount of net operating income.

Mr. O'Brien agreed with Mr. Marshall that the Authority should consider establishing such a reserve, noting that the Authority will soon have another major expense when it acquires a new vessel. Mr. Marshall also emphasized that he was not suggesting that the Authority immediately fund the reserve with $1,000,000, but that it should develop a plan to pay for expenses of this magnitude in order to mitigate the financial impact of having to pay for all of it in one year.

Mr. Lamson assured the Members that management would discuss this matter and review the process of how fund transfers are made to show what would happen if the Authority had an unanticipated expense of $1,000,000. However, in response to a question from Mr. Balco, Mr. Lamson stated that the Authority's Enabling Act would have to be amended in order for the Authority to establish a self-insurance reserve fund. Mr. Jones then observed that this matter follows the Port Council's discussion about the funding of new vessels, either by putting aside a certain amount of money each year, as the Authority does for its shuttle buses, or having to come up with $30,000,000 all at once, and that he also thought the creation of a self-insurance reserve fund would be a good solution. Mr. Marshall agreed, declaring that the traveling public is going to have to pay for these expenses one way or another, either all at once or in nickels and dimes over the years.

<u>The Year 2013</u>:

Mr. Tierney then thanked Mr. Lamson and his staff, as well as his fellow Members and the Port Council members, for making his job as Chairman so easy over this past year. On behalf of all of the other Members, Mr. O'Brien in turn expressed his thanks and appreciation for all of Mr. Tierney's hard work as Chairman.

<u>On-Line Merchandising Program</u>:

Ms. McHugh then displayed samples of the merchandise the Authority is selling on its online store that is being administered by Scarborough & Tweed. The samples included two styles (one for Martha's Vineyard and one for Nantucket) of Vineyard Vine ties and tote bags, wood keepsake boxes featuring the *S/S Nobska* and the *M/V Islander*, a crystal decanter, and baseball hats featuring the *M/V Island Home* and the *M/V Iyanough*. Ms. McHugh stated that the store had been launched on November 30, 2012 and that all of the merchandise is now available for sale 24 hours a day, seven days a week.

At approximately 10:28 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 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 and negotiating positions. Mr. Tierney also announced that, with respect to collective bargaining, the subjects of discussion included the Authority's negotiations with the Marine Engineers Beneficial Association regarding the Authority's unlicensed vessel employees, the Licensed Officers and Maritime Workers Union regarding the Authority's licensed deck officers, and SEIU Local 888 regarding the Authority's reservation clerks; and that with respect to real estate, the subjects of discussion included the Authority's potential acquisition of 50 Bernard E. Saint Jean Drive in Falmouth Technology Park for use as a new bus maintenance facility and the Authority's lease with the Martha's Vineyard Airport Commission for property on Airport Road at the Airport Business Park.

After Mr. Tierney 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.

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 and anticipated litigation matters, and the purchase, exchange, lease and value of real estate.

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

At approximately 11:12 a.m., the Members reconvened their meeting in public session. Four Members were present: Chairman John A. Tierney of New Bedford; Secretary Robert L. O'Brien of Barnstable; Marc N. Hanover of Dukes County; and Robert S. Marshall of Falmouth. Vice Chairman H. Flint Ranney of Nantucket was absent, but listened in on the meeting by conference telephone call. Port Council Chairman S. Eric Asendorf of Falmouth; Port Council Vice Chairman Robert R. Jones of Barnstable; Port Council Secretary George J. Balco of Tisbury, and Port Council members Frank J. Rezendes of Fairhaven 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 Human Resources Phillip J. Parent; Director of Engineering and Maintenance Carl R. Walker; Port Captain Charles G. Gifford; and General Counsel Steven M. Sayers.

Lease for Property at the Martha's Vineyard Airport Business Park:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to authorize the General Manager to send a letter to the Martha's Vineyard Airport Commission inquiring about an early termination of the Authority's current lease of 3.55 acres of land located in the Airport Business Park or to seek a subtenant for the lease.

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

50 Bernard St. Jean Drive, Falmouth:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. O'Brien -- to authorize the General Manager to execute the Modification to Development Agreement and Covenant with respect to the Authority's use of the property located at 50 Bernard St. Jean Drive, Falmouth, as a bus maintenance and storage facility, in substantially the forms attached to Staff Summary #L-413, dated December 10, 2013.

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

Then, at approximately 11:14 a.m., Mr. Tierney stated that he would entertain a motion to adjourn the meeting.

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

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

A TRUE RECORD

Robert L O'Brien

ROBERT L. O'BRIEN, Secretary