MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

January 21, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 21st day of January, 2014, beginning at 9:30 a.m., in Rooms 104 and 105 of the Marine Biological Laboratory's Candle House, located at 127 Water Street, Woods Hole, Massachusetts. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth; John A. Tierney of New Bedford; and Robert F. Ranney of Nantucket.

Port Council Chairman Frank J. Rezendes of Fairhaven, Port Council Vice Chairman Robert R. Jones of Barnstable, and Port Council members Robert V. Huss of Oak Bluffs and George J. Balco of Tisbury were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Director of Information Technologies Mary T. H. Claffey; Reservations and Community Relations Manager Gina L. Barboza; 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.

Falmouth Member Catherine N. Norton:

Mr. O'Brien began the meeting by welcoming Ms. Norton as a Member of the Authority, declaring that it was a delight to see her here and that all of the other Members were looking forward to many more meetings with her.

Minutes:

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on December 17, 2013.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for November 2013, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried fewer passengers (down 0.9%), more automobiles (up 0.8%) and more trucks (up 0.8%) during the month than it had carried during the same month in 2012. Mr. Lamson also reported that the Authority's operating revenues and other income were $166,000 higher in November 2013 than projected, and that its operating expenses and fixed charges were $445,000 lower than budgeted. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $1,877,000, approximately $611,000 lower than projected.

Mr. Lamson further reported that, for the first eleven months of 2013, the Authority's operating revenues and other income had been around $2,266,000 higher than projected, its operating expenses and fixed charges had been around $2,153,000 higher than budgeted (primarily due to the unbudgeted repairs to the Oak Bluffs dock for damage caused by Hurricane Sandy) and, as a result, the Authority's net operating income had been around $6,995,000, approximately $113,000 higher than the amount projected in the Authority's 2013 operating budget.

Palmer Avenue Parking Lot Improvements:

Mr. Lamson reported that work was continuing as scheduled on Phase 2 of the Palmer Avenue parking lot improvements project and that the project was still expected to be completed before Memorial Day weekend. Mr. Lamson also reported that the contractor recently had uncovered a couple of underground oil tanks on the property that were not shown on any of the Town of Falmouth's records. Mr. Lamson stated that, although there does not appear to be any contamination in the soil beneath the tanks, the Authority was having the soil analyzed by an independent laboratory to determine whether there is any contaminated soil there that would then have to be removed.

Mr. Lamson also reported that the Authority would prepare a landscaping design for plantings in the spring along the bike path and the connector between the bike path and Palmer Avenue. Mr. Lamson further noted, in response to a question from Ms. Norton, that there will be a number of bus shelters located throughout the parking lot so that customers will be covered in inclement weather, and that there also will be ticket kiosks at the shelters so that customers can buy their tickets there instead of having to wait to arrive at the terminal. Also in response to a question from Ms. Norton, Mr. Lamson stated that all of the Authority's shuttle buses were accessible for individuals with disabilities.

Woods Hole Terminal Reconstruction Feasibility Study:

Mr. Lamson then reported that the management staff was continuing to meet with the working group from the Woods Hole community to consider some additional alternatives to the design concepts for the reconstruction of the Woods Hole terminal that the Authority's architects, Bertaux + Iwerks Architects LLP, presented to the public in November. In particular, Mr. Lamson said, the staff was looking at other possible locations for the terminal building on the site and having it be one story instead of two stories, and was also continuing to refine the program elements for the terminal building so that they are more along the lines of the Authority's Hyannis and Vineyard Haven terminals, which could allow the Authority to reduce the size of the building.

Mr. Lamson stated that it will take around four more weeks for Bertaux + Iwerks to develop these alternatives and, after they are completed, the staff will meet with the community working group again at the beginning of March to review them. Mr. Lamson noted that his goal is to come up with a preferred alternative that represents a consensus among the staff and the community as to how the new terminal can meet the Authority's operational needs while also addressing the community's legitimate concerns as best as the Authority can.

Thomas B. Landers Road Parking Lot:

Mr. Lamson reported that the management staff recently had a kick-off meeting with Green Seal Environmental, Inc. ("Green Seal") to start the final design and engineering process for the Authority's new parking lot off of Thomas B. Landers Road. Mr. Lamson stated that Green Seal was exploring a possible change to the parking lot's preliminary design that would result in a "one tier" lot instead of the current plan to construct the lot in three tiers, and he noted that this would allow the lot to have 250 more parking spaces than its current design capacity of 1,550, although there would still be fewer spaces there than the 1,900 potential spaces that were the basis for the Authority's environmental impact statements. On the other hand, Mr. Lamson said, this "one tier" lot would increase the parking lot's construction cost by more than $1,000,000. Mr. Lamson stated that, whichever way the lot is constructed, the staff's goal remains to issue an invitation for bids in June for the construction of the parking lot, to award a contract in July for the construction of the lot, to commence construction in October at the latest, and to have the parking lot ready for use by the beginning of the 2015 summer season.

Mr. Lamson noted that the current preliminary budget for the construction of the parking lot was $4,300,000, including the construction of a building for offices and restrooms at the site. While Mr. Lamson acknowledged that the additional cost of building a "one tier" lot could increase that amount to somewhere between $5,000,000 and $6,000,000, the resulting additional parking spaces would help the Authority replace the 1,900 parking spaces in the lots that will be closed elsewhere in Falmouth and Cataumet when the Thomas B. Landers Road parking lot opens, while also moving traffic attributable to the Authority's customers further away from the center of town. Thus, Mr. Lamson said, those additional 250 parking spaces would generate revenue on peak summer weekends and the Authority also would not have to turn those customers away.

In response to a question from Mr. Hanover, Mr. Lamson stated that Robert B. Our Co., Inc. had purchased Acme Precast Co., Inc.'s business that is currently operating at the site, but that The Four Stones LLC (the "Stones") still owned the property and he did not know whether the Stones were planning to gut or dismantle any of the buildings currently on the property for their use or to leave them for the Authority to demolish after the closing. In response to a question from Mr. O'Brien, Mr. Lamson stated that there is a 55-foot difference in elevation between the site's western and eastern boundaries, which were more than 2,000 feet apart and that, as a result, a "one tier" parking lot would have a 2-½% downward slope from west to east. Mr. Lamson stated that the engineers were currently looking into whether creating such a slope would require a lot more fill or whether the slope could be created by moving earth from certain areas on the property to other areas.

New Vehicle/Passenger Ferry:

Mr. Lamson reported that recently the management staff also had a kick-off meeting with Elliott Bay Design Group for the design of the Authority's new vehicle/passenger ferry, where the staff reviewed the project schedule and developed a proposed Statement of Owner's Requirements for the new ferry. Mr. Lamson noted that one open issue was whether the vessel's passenger capacity should be 384 or 512 and, for that reason, the staff had provided the Members with a chart showing how many passengers per trip the Authority's large passenger boats and freight boats carried on each route during each month of 2013 (in increments of 100 passengers). Mr. Lamson stated that, based upon that chart, he felt that a capacity of 384 passengers should be adequate for the new vessel, as it is going to be used as a replacement for the *M/V Governor*.

Ms. Norton observed that, even at the lower capacity of 384 passengers, the new vessel will still be able to carry 130 more passengers per trip than the *M/V Governor*. Mr. Lamson also noted that the new vessel could be designed to carry somewhere between 384 and 512 passengers, but that, regardless of the actual passenger capacity within that range, the Authority would be required to purchase one additional life raft because each life raft is designed to hold 128 people. Mr. Hanover then asked how much an additional life raft would cost, and Mr. Walker stated that it would cost around $20,000.

But Mr. Lamson noted that, if the vessel were to have a larger passenger capacity, it would have to have larger passenger spaces, more bulkheads, and more seating, which would drive up the vessel's cost. In addition, Mr. Lamson said, even at a 384-passenger capacity, the vessel will always be able to carry the persons traveling in the cars that are being transported on the ferry; on the Martha's Vineyard route, the vessel will be sailing behind one of the Authority's larger passenger vessels and will not appear on the published schedule; and the Authority almost never carries more than 384 passengers on any of the trips on the Nantucket route.

Mr. Hanover recounted how he had been the Member who had asked the staff to look at increasing the vessel's capacity to 512 passengers, but that after reviewing the information he now thought that a capacity of 384 passengers would be sufficient. Mr. Hanover then observed that the vessel's service speed was planned to be 16 knots, and he questioned whether it was necessary to burn more fuel to run it at that speed. In response, Mr. Lamson stated that the vessel's normal service speed was going to be around 11 to 12 knots, but that it will be capable of sailing at 16 knots with a full load in case the Authority is running behind schedule or otherwise changes its operating schedule. Nevertheless, Mr. Lamson said, in all of those instances the staff will still have to weigh whether operating at a faster speed is worth the additional fuel consumption.

In response to a question from Mr. Tierney, Mr. Lamson stated that the new vessel will be able to dock and load at the State Pier in New Bedford. In this regard, Mr. Lamson said that it was his understanding that the transfer bridge at the State Pier had been built to accommodate the Authority's vessels, so he expected that the new vessel similarly will be able to operate there.

In response to a question from Mr. O'Brien, Mr. Lamson stated that the staff was proposing open bridge wings because enclosing them would add more structure and more cost. Mr. O'Brien asked whether the Authority's Captains had expressed a preference on this subject. In response, Mr. Lamson stated that, during the meetings, none of the Captains had expressed a big preference for enclosed bridge wings as they had expressed preferences for other aspects of the vessel. When Mr. O'Brien then asked what the Captains concerns were, Mr. Lamson stated that their principal concern was the vessel's bow thruster and that they wanted the new vessel to have a bow thruster like the one on the *M/V Martha's Vineyard*. Accordingly, Mr. Lamson said, Elliott Bay will look at that type of bow thruster compared to another one that is not as expensive, and he stated that the Authority might also be able to buy a less expensive bow thruster of that type that previously has been sold but has never been used.

Mr. Jones suggested that the Authority should obtain a cost estimate of building the new vessel with a 512-passenger capacity, observing that it may be wise for the Authority to be able to carry as many passengers as it can. In this regard, Mr. Jones noted that, while a capacity of 384 passengers may be adequate today, a larger capacity may be needed in the future. In response, Mr. Lamson stated that, under the contract, the Authority could ask Elliott Bay to provide such a cost estimate despite the fact that the Authority rarely carries more than 400 passengers on any of its trips, even with its larger passenger vessels. But Mr. Hanover observed that, in the future, there probably won't be a need for the Authority to carry significantly more passengers on its vessels, as the Martha's Vineyard Commission had reported that the island's population had only increased by ten percent in the last decade and that the island itself was very close to build-out.

Mr. Hanover then asked Mr. Walker whether the new vessel will have Tier III engines or Tier IV engines. In response, Mr. Walker stated that Elliott Bay would be conducting a propulsion study for the new vessel, looking at the life cycle costs for both types of engines and not just their initial capital costs. Then in response to a question from Mr. Hanover as to whether the engines will be able to run on liquefied natural gas, Mr. Walker stated that, although there are some engines that can run on both diesel and liquefied natural gas, the MTU engine was not one of them. Mr. Walker also stated that, while the EMD engine could be retrofitted in the future to run on liquefied natural gas, that possibility was not included in the vessel's design. Mr. Hanover then stated that he had been informed that new ferries being built by Washington State Ferries were going to run on liquefied natural gas and he thought that is where the future was going. Accordingly, Mr. Hanover asked Mr. Lamson to keep that in mind, as he would hate for the Authority to build a new vessel and have it be obsolete in a few years.

Finally, Mr. Lamson stated that, with the approval of the Owner's Requirements for the new vessel, his goal was to have the vessel's preliminary design completed by mid-March, to have the vessel's final contract design and specifications approved by the United States Coast Guard in order to issue an invitation for bids in October for the construction of the new vessel, to award the vessel's construction contract in January 2015, and to have the vessel in service by May 2016.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to approve the Statement of Owner's Requirements in connection with the design of the Authority's new vehicle passenger ferry, as set forth in Staff Summary #GM-620, dated January 15, 2014, with the additional requirement that Elliott Bay Design Group LLC conduct a study to determine what additional requirements and costs would be incurred if the vessel were to have a capacity of 512 passengers instead of 384 passengers.

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

After the Members voted, Ms. Norton recounted how she recently had met with Mr. Lamson and discussed the issue of gender diversity among the Authority's employees. In this regard, Ms. Norton noted that Mr. Lamson had assured her that the new vessel's berthing quarters for the crew will have enough space for gender equality.

2014 Summer Vehicle Reservations:

Mr. Lamson announced that on the previous Tuesday, January 14th, the Authority had started accepting online vehicle reservations from the general public for the 2014 summer season and that, over the last six days, the Authority had processed more than 15,000 transactions, representing a three percent increase in the number of transactions (and a ten percent increase in revenue) from the first six days the Authority accepted online vehicle reservations from the general public in January 2013.

Treasurer's Report:

Mr. Davis reported that the Authority's passenger traffic for the month of December 2013 was up 9.0% compared to the same month in 2012, that its automobile traffic was up 6.6%, and that its truck traffic also was up 6.3%. For the 2013 calendar year, Mr. Davis reported that the Authority had carried 1.6% more passengers than during 2012, 0.5% more automobiles and 5.5% more trucks.

Mr. Davis reported that the Authority's net operating loss for December 2013 was expected to be around $4,900,000, approximately $1,200,000 higher than what had been budgeted for the month. Mr. Davis stated that, overall, revenues for the month were expected to be $225,000 greater than budgeted, and that the Authority's operating expenses were expected to be $1,675,000 higher than budgeted, with vessel fuel costs $67,000 lower than budget estimates, maintenance expenses $925,000 higher than budget estimates (due primarily to the *M/V Gay Head's* dry-dock expense coming in at $712,000 in December 2013 instead of at its budgeted amount of $288,000 in November 2013), and general expenses $1,075,000 higher than budget estimates (due primarily to a $1,000,000 unbudgeted payment that was made in December 2013 to satisfy obligations related to the merger of the Authority's licensed deck officer pension plan with the New England Teamsters & Trucking Industry Pension Fund). Finally, Mr. Davis reported that the Authority's net operating income for the 2013 calendar year was expected to be around $2,100,000, or approximately $1,075,000 lower than what had been budgeted.

M/ V Governor Dry-Dock and Overhaul Services:

Mr. Lamson then asked the Members to award Contract No. 26-13 for dry-dock and overhaul services for the *M/ V Governor* to the lowest eligible and responsible bidder for the contract, Thames Shipyard and Repair Company of New London, Connecticut, for the Total Contract Price of $671,634. Although Senesco Marine, LLC of North Kingstown, Rhode Island, had submitted a bid for the contract in the amount of $525,743, Mr. Lamson stated that it had asked the Authority to withdraw its bid because it also was the low bidder for the *M/ V Iyanough* dry-dock and overhaul services contract and does not have the ability to perform both contracts at the same time.

Mr. Lamson also noted that this contract included all of the modifications necessary for the *M/ V Governor* to be able to pump out its sewage at the Authority's terminals, and that this vessel and the *M/ V Iyanough* were the last two Authority vessels to be so modified. As a result, Mr. Lamson said, none of the Authority's vessels will be discharging their sewage into Vineyard Sound or Nantucket Sound, and from this point forward they all will be pumping their sewage to landside facilities.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Ms. Norton -- to award Contract No. 26-13 for dry-dock and overhaul services for the *M/V Governor* 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 $671,634.

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

M/V Iyanough Dry-Dock and Overhaul Services:

Mr. Lamson then asked the Members to award Contract No. 29-13 for dry-dock and overhaul services for the *M/V Iyanough* to the lowest eligible and responsible bidder for the contract, Senesco Marine LLC of North Kingstown, Rhode Island, for a Total Contract Price of $874,917.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Ms. Norton -- to award Contract No. 29-13 for dry-dock and overhaul services for the *M/V Iyanough* to the lowest eligible and responsible bidder for the contract, Senesco Marine LLC of North Kingstown, Rhode Island, for a Total Contract Price of $874,917.

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

Port Council's Report:

Mr. Rezendes reported that, at their meeting earlier in the month, the Port Council had discussed most of the items that the Members had discussed today, as well as the following:

- Mr. Lamson had informed the Port Council that the U.S. Army Corps of Engineers had completed their dredging of the Hyannis Harbor channel and that the management staff was in the process of sending the Corps a letter. Mr. Lamson also stated that the dredging of Hyannis Inner Harbor was not yet finished and that the Corps will come back to finish that dredging before the end of the federal government's fiscal year.

- FEMA had recently informed the Authority that the amount of the Authority's reimbursement for its Oak Bluffs dock repairs will be less than previously stated.

- The Port Council voted to recommend to the Members that they adopt the management staff's proposed charitable giving policy, pursuant to which the Authority would continue to not give any charitable donations in cash.

Mr. Hanover stated that he was sorry to hear that S. Eric Asendorf had resigned as Falmouth's Port Council member, and he asked that the Members send a letter to Mr. Asendorf thanking him for his 18 years of service. All of the other Members agreed.

Election of Secretary:

Mr. O'Brien recounted how, in accordance with the Authority's Enabling Act, he, as the Authority's Barnstable Member, automatically became the Authority's Chairman for the year 2014 and that, at last month's meeting, the Members also voted to elect Mr. Hanover to serve as the Authority's Vice Chairman because, in accordance with the Authority's Enabling Act, the Dukes County Member will automatically become the Authority's Chairman in 2015.

However, Mr. O'Brien said, at last month's meeting the Members waited to elect a Secretary until the Falmouth Board of Selectmen had the opportunity to appoint a successor to Robert S. Marshall to serve as the Authority's Falmouth Member. Observing that, on January 13, 2014, the Falmouth Board of Selectmen appointed Ms. Norton to be the Falmouth Member, Mr. O'Brien entertained a motion to elect Ms. Norton to serve as the Authority's Secretary for the year 2014.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to elect Catherine N. Norton to serve as the Authority's Secretary for the year 2014.

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

Public Comment:

Woods Hole Community Association Co-President Catherine Bumpus thanked Mr. Lamson for his willingness to work with a small group of Woods Hole residents who have been providing input with respect to design concepts for the reconstruction of the Woods Hole terminal, observing that the residents have a very different perspective than the Authority's customers regarding what the terminal should be.

Woods Hole resident Ron Zweig asked that the agenda for a future Authority meeting include the subject of reevaluating the weighted voting percentages for each town represented on the Authority's Board.

Falmouth resident Paul Breslin declared that, while he tries not to say anything that is inflammatory or incorrect, now that the public had some idea of the new vessel that the Authority is contemplating, it was clear to him that if the vessel were to hit the drawing board, any option to provide freight service from New Bedford would be dead. Mr. Breslin stated that an insatiable thirst for revenue will come with the vessel's $40,000,000 cost and that the Authority again will caution against incurring any deficits and will take the position that freight service from New Bedford is not economically viable.

Woods Hole resident Christina Rawley noted that the Town of Falmouth had made a major commitment to reduce CO_2 emissions by fifty percent, and she stated that she was very happy to hear the questions that Mr. Hanover had asked that day. But Ms. Rawley declared that, if the big trucks keep traveling on the highway between the Bourne Bridge and the Town, the Town will have very little ability to meet its commitment, and she asked how the changes are going to be made that are necessary to restore and protect the environment. Ms. Rawley also stated that taking the ferry between New Bedford and Martha's Vineyard is the most efficient way for those large trucks to transport food and all of the other things that Martha's Vineyard requires, and she asked that the Members make this the most energy efficient site because of its great importance to everyone here on Cape Cod and the Islands.

Stephane Robbins, President of the Independent Steamship Authority Workers Union, declared that his concern with the new vessel was making certain that there are enclosed areas for the passengers, and he asked the Members to consider that when deciding whether to run the vessel on liquefied natural gas. In response, Mr. Hanover said that he did not think the Authority had either the time or the money at that time to build a vessel that ran on liquefied natural gas, but he noted that the Authority already had invested in buses that run on liquefied natural gas and was looking into those possibilities even more. Mr. Hanover also noted that the towns of Tisbury and Oak Bluffs were looking into the possibility of barging their trash to New Bedford.

Mr. Hanover further stated that he agreed with Ms. Rawley's concerns about CO_2 emissions, but he noted that economics was a key factor in these decisions. Ms. Crawley then stated that one way Falmouth residents were paying for those emissions was with their health and that both the residents and their hospitals were stressed more and more each day. Therefore, she asked Mr. Hanover to consider those costs as well when he considers the other costs, and Mr. Hanover agreed.

Mr. Jones then observed that the weighted votes of the different Members had been established in the Authority's enabling act by the Legislature, and the Legislature similarly would have to make any change to those weighted votes. Further, Mr. Jones said, no matter the individual votes are, the majority vote will still end up being in favor of the Islands. While Mr. Jones stated that he may not like this, the reality was that everyone was working to get along and that the Islands had not taken advantage of their majority vote because of the working relationship that existed. Mr. Jones declared that everyone was trying to work out their problems together and were always diplomatic in how matters were approached.

Mr. Breslin acknowledged that he was a neophyte, but he declared that giving the Islands a majority vote was absurd and that the time had come to show the Legislature the absurdity of its actions because the Town of Falmouth was being run roughshod. Mr. Breslin then asked why it was not viable to resume service from New Bedford. In response, Mr. Jones referred Mr. Breslin to Ralph Packer, who has yet to present a proposal for barging trash from Martha's Vineyard to New Bedford, and observed that the Authority had been open about this service from the beginning. Mr. Breslin stated that he had talked with Mr. Packer, who said that his proposal was in the works.

Mr. Hanover also observed that both the Authority's management and the Members had encouraged this option of barging trash from Martha's Vineyard to New Bedford, but that he did not know why Mr. Packer has chosen not to participate. Mr. Balco noted that the towns of Oak Bluffs and Tisbury have entered into a contract with New Bedford; that Mr. Packer's barge operations are the only viable alternative to the Authority; that the Authority is not interfering with this situation; and that, to the contrary, the Authority would be happy to see Mr. Packer or any other carrier take the island's trash to New Bedford. In response, Mr. Breslin stated that this was music to his ears.

Mr. Jones also noted that the Authority had tried a pilot freight service between New Bedford and Martha's Vineyard, but that it had lost money and the carrier that provided the service declined to continue it on its own. Thus, Mr. Jones said, it is not that the Authority hasn't looked into this; rather, it has and has even put money on the table to try to make it happen.

At approximately 10:48 a.m., Mr. O'Brien entertained a motion to go into executive session, announcing that a public discussion of the Authority's consideration of the purchase, exchange, lease or value of real property and its strategy with respect to collective bargaining matters may have a detrimental effect on the Authority's negotiating and bargaining positions. Mr. O'Brien announced that these matters included possible revisions to the Authority's purchase and sale agreement for the property located at 590 Thomas B. Landers Road in Falmouth, other Falmouth real estate, and the Authority's negotiations with the Independent Steamship Authority Workers Union regarding the Authority's unlicensed vessel employees.

After Mr. O'Brien stated that the public disclosure of any more information with respect to these 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 Ms. Norton's motion, seconded by Mr. Tierney -- to go into executive session to consider the purchase, exchange, lease or value of real property and to discuss the Authority's strategy with respect to collective bargaining matters.

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

A TRUE RECORD

CATHERINE N. NORTON, Secretary

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, January 21, 2014

Marine Biological Laboratory's Candle House-Rooms 104 & 105
127 Water Street, Woods Hole, MA

1. **Agenda**
2. **Minutes of the December 17, 2013 Meeting in Public Session**
3. **Business Summary for the Month of November, 2013**
4. **Agenda Item 2(d) – Chart - Update on the Final Design and Engineering for the Thomas B. Landers Road Parking Lot**
5. **Staff Summary #GM-620 dated January 15, 2014 – Approval of Proposed Statement of Requirements for the New Vessel**
6. **Staff Summary #E2014-1 dated January 14, 2014 –Contract No. 26-13 "Dry-Dock And Overhaul Services for the M/V Governor"**
7. **Staff Summary #E2014-2 dated January 14, 2014 – Contract No. 29-13 "Dry-Dock and Overhaul Services for the M/V Iyanough"**
8. **Staff Summary #L-425 dated December 11, 2013 – Award of Contract For Design and Engineering Services for the New Vehicle/Passenger Ferry.**
9. **January 8, 2014 Port Council Minutes**
10. **Election of Officers - Secretary**

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

February 18, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 18th day of February, 2014, beginning at 9:30 a.m., in Rooms 104 and 105 of the Marine Biological Laboratory's Candle House, located at 127 Water Street, Woods Hole, Massachusetts. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County (who participated remotely through Skype); Secretary Catherine N. Norton of Falmouth; John A. Tierney of New Bedford; and Robert F. Ranney of Nantucket.

Port Council Chairman Frank J. Rezendes of Fairhaven, Port Council Vice Chairman Robert R. Jones of Barnstable, and Port Council members Robert V. Huss of Oak Bluffs and George J. Balco of Tisbury were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Reservations and Community Relations Manager Gina L. Barboza; Director of Marketing Kimberlee McHugh; Director of Terminal and Parking Operations Mark K. Rozum; Director of Engineering and Maintenance Carl R. Walker; Director of Security Lawrence S. Ferreira (who arrived at 9:55 a.m.); Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Mr. Hanover's Remote Participation in the Meeting:

Mr. O'Brien announced that he had been notified by Mr. Hanover that he desired to participate remotely in this meeting because his geographic distance from Woods Hole made his physical attendance today unreasonably difficult. Mr. O'Brien stated that he agreed with Mr. Hanover and that, as the Authority's Chairman, he had determined that Mr. Hanover's physical attendance today was unreasonably difficult due to his geographic distance from Woods Hole and that, therefore, he may participate remotely in this meeting, which included voting on all matters as well. Mr. O'Brien noted that Mr. Hanover would be doing so by a conference telephone call through Skype 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. O'Brien further announced that, as a result of Mr. Hanover's remote participation in this meeting, all votes taken by the Members shall be by roll call vote.

Minutes:

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Ms. Norton -- to approve the minutes of the Members' meeting in public session on January 21, 2014.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for December 2013, 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 9.0%), more automobiles (up 6.6%) and more trucks (up 6.3%) during the month than it had carried during the same month in 2012. Mr. Lamson also reported that the Authority's operating revenues and other income were $487,000 higher in December 2013 than projected, and that its operating expenses and fixed charges were $904,000 higher than budgeted. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $4,119,000, approximately $417,000 higher than projected.

Mr. Lamson further reported that, for the entire 2013 calendar year, the Authority had carried more passengers (up 1.6%), more automobiles (up 0.5%) and more trucks (up 5.5%) than it had carried during 2012, and that the Authority had carried 11.5% more passengers on its high-speed ferry than it had in 2012. Mr. Lamson also reported that, for the 2013 calendar year, the

Authority's operating revenues and other income had been around $2,752,000 higher than projected, its operating expenses and fixed charges had been around $3,057,000 higher than budgeted (primarily due to the unbudgeted repairs to the Oak Bluffs dock for damage caused by Hurricane Sandy) and, as a result, the Authority's net operating income had been around $2,876,000, approximately $305,000 lower than the amount projected in the Authority's 2013 operating budget. In addition, Mr. Lamson said, in 2013 the Authority had transferred $8,600,000 into its Replacement Fund, which was around $2,000,000 more than what had been projected.

In response to a question from Mr. Hanover, Mr. Lamson stated that he thought the increase in the number of passenger carried on the *M/V Iyanough* (up 43.7%) and Hy-Line's *M/V Grey Lady* (up 23.9%) during December 2013 was attributable to better weather (and, as a result, fewer trip cancellations) that month than in December 2012.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to accept management's business summary report for the month of December 2013.

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

Palmer Avenue Parking Lot Improvements:

Mr. Lamson then reported that Phase 2 of the Palmer Avenue parking lot improvements project was continuing to proceed as scheduled, and that it should still be completed by mid-May 2014. Mr. Lamson also reported that the contractor had uncovered a couple of underground oil tanks on the property that had not been shown on any of the Town of Falmouth's records, but that the soil beneath the tanks had been analyzed and it was not contaminated. Mr. Lamson also announced that the Authority had started to work on a land-scaping plan for the property to provide buffer and screening, but he noted that ultimately the plan will be driven by the situation in the field

Woods Hole Terminal Reconstruction Feasibility Study:

Mr. Lamson reported that, at the request of the Woods Hole community working group, management was having Bertaux + Iwerks Architects evaluate several possible variations of two of the three alternative design concepts for the reconstruction of the Woods Hole terminal, including relocating the terminal building and having it be one story instead of two stories in order to open the view as much as possible, and that management was also continuing to refine the program elements for the terminal building so that they are more along the lines of the Authority's Hyannis and Vineyard Haven terminals. After those variations are prepared, Mr. Lamson said, management will discuss them with the working group at a meeting on March 4, 2014 and may also present some of them to the Members at their next meeting on March 18, 2014.

Thomas B. Landers Road Parking Lot:

Mr. Lamson reported that Green Seal Environmental, Inc. ("Green Seal") had prepared a 25% preliminary design for the Authority's new parking lot off of Thomas B. Landers Road that calls for a "one tier" lot instead of the previous plan to construct the lot in three tiers. Mr. Lamson noted that, although the one tier lot is estimated to cost an additional $1,500,000 to construct, it will result in approximately 250 more parking spaces at the site (bringing the total number of spaces to somewhere between 1,850 and 1,900). Mr. Lamson stated that the project was still on schedule and that the Authority should be able to award a contract for the construction of the lot during the summer so that construction can start in October 2014. Mr. Lamson also reported that the Executive Office of Energy and Environmental Affairs had given the Authority written confirmation that the proposed changes to the parking lot will not require the Authority to submit a Notice of Project Change or result in any more environmental review for the project.

Ms. Norton asked Messrs. Lamson and Davis how long they felt it will take for the additional 250 parking spaces to pay for themselves and stated that, based upon her own calculations, it did not appear to be that long. In response, Mr. Lamson noted that, regardless of their payback period, the additional spaces will allow the Authority to accommodate more customers during peak summer weekends who otherwise would be turned away and create more traffic congestion around Falmouth. Ms. Norton also observed that the Authority's planned parking lot represented a major improvement to the current condition of the site, which she noted was dismal.

Finally, Mr. Lamson reported that the Executive Office of Energy and Environmental Affairs was pleased with both the Authority's decision to use porous pavement throughout the parking lot and its commitment to install a number of charging stations for electrical vehicles at the site, which he said will be installed at the Palmer Avenue parking lot as well.

Amendment to the Authority's Lease with the Falmouth Youth Hockey League, Inc.:

Mr. Lamson asked for authorization to execute an amendment to the Authority's lease with the Falmouth Youth Hockey League, Inc. ("FYHL") reducing the number of spaces at the new Ice Arena which the FYHL leases to the Authority for overflow parking during peak summer weekends. Mr. Lamson noted that the FYHL needs to eliminate approximately 10% of the leased parking spaces so that it can enlarge the building to accommodate an indoor running turf.

In response to a question from Mr. Ranney, Mr. Sayers stated that the FYHL was estimating that 17 spaces will need to be eliminated in order to enlarge the building, which Mr. Lamson noted was not a significant number. In response to a question from Mr. Tierney, Mr. Sayers stated that the FYHL was not offering any consideration for amending the lease, but he noted how the FYHL often has allowed the Authority to park cars in other areas of the FYHL's property which are not subject to the lease, thereby more than making up for the 17 spaces it will be eliminating, and he observed that the parties have enjoyed a very cooperative relationship over the years.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to authorize the General Manager to execute an amendment to the Authority's lease with the Falmouth Youth Hockey League, Inc. ("FHYL") reducing the number of spaces at the new Ice Arena that the FYHL leases to the Authority for overflow parking during the summer season, as recommended by management in Staff Summary L-425, dated February 11, 2014.

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

Charitable Giving Policy:

Mr. Lamson then asked the Members to approve management's proposed Charitable Giving Policy that would continue the Authority's practice of not giving cash donations to any charities, but rather only passenger tickets that usually are used by the charities as raffle items to raise money for those charities in exchange for promotional exposure for the Authority. Mr. Lamson stated that the proposed policy reflected one change that had been requested by the Port Council at their January 8, 2014 meeting, namely, that the gifts given by the Authority generally would consist of two round trip passenger tickets to Nantucket or four round trip passenger tickets to Martha's Vineyard, instead of two round trip passenger tickets to either island.

However, Mr. Ranney expressed his concern about establishing a policy of giving a certain number of tickets depending upon which island is involved, and he suggested that the Authority exercise caution before venturing into this area. In response, Mr. Balco noted that the increase in the number of Martha's Vineyard tickets was intended only to equalize the monetary values of the gifts. Mr. Huss agreed, although he observed that the value of four round trip passenger tickets to Martha's Vineyard still did not equal the value of two high-speed round trip passenger tickets to Nantucket.

Mr. O'Brien declared that each request from a charity should stand on its own, and Mr. Ranney agreed, expressing his concern that the proposed policy could limit management's ability to evaluate charitable requests. In response, Mr. Lamson stated that the policy would merely represent guidelines to be used, not limitations on what can be given out. Nevertheless, Mr. Ranney said that he would like to see more flexibility in the policy, and Mr. Tierney suggested that the policy simply direct management to respond to requests from charities equitably with respect to both islands.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to adopt a Charitable Giving Policy as proposed by management in Staff Summary #GM-622, dated February 11, 2014, except that instead of directing management to give a certain number of passenger tickets to each island in response to requests by charities for donations, management is authorized to exercise flexibility in responding to requests from charities to ensure that they are dealt with equitably with respect to both islands.

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

Trade Sponsorship Marketing Policy:

Mr. Lamson then asked the Members to approve a Trade Sponsorship Marketing Policy that will continue the SSA's practice of sponsoring events that take place in Barnstable, Fairhaven, Falmouth, Martha's Vineyard, Nantucket and New Bedford. In response to a question from Ms. Norton, Mr. Lamson acknowledged that it was difficult to measure the success of the advertising that the Authority received for sponsoring any of these events, but he noted that the Authority sponsored events only by donating transportation services in the form of passenger tickets, vehicle/truck reservations, coupons, discounts, gift cards and/or merchandise from its online store.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to adopt a Trade Sponsorship Marketing Policy as proposed by management in Staff Summary #GM-622, dated February 11, 2014.

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

Reciprocal Trade Policy:

Mr. Lamson then asked the Members to approve a Reciprocal Trade Policy that would continue the Authority's practice of providing complimentary passenger ferry tickets to the Authority's marketing and business partners, noting that they included businesses and lodging properties that display the Authority's brochures, local Chambers of Commerce, and the Massachusetts Office of Travel & Tourism, as well as travel agents and tour operators. In response to a question from Ms. Norton, Mr. Lamson stated that the Authority maintains sales reports of the number of tickets sold or given out by each of those partners.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Ms. Norton -- to adopt a Reciprocal Trade Policy as proposed by management in Staff Summary #GM-622, dated February 11, 2014.

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

New Vehicle/Passenger Ferry:

Mr. Lamson then reported that the design of the Authority's new vehicle/ passenger ferry was still on schedule and that the Authority had provided Elliott Bay Design Group ("Elliott Bay") with its Statement of Owner's Requirements for the new vessel that will serve as the basis for its preliminary design. Mr. Lamson further reported that Elliott Bay had also provided the Authority with its preliminary estimate of the additional costs that would be incurred if the vessel were built to carry 512 persons instead of 384 and, although the Authority was still waiting for Elliott Bay's full report, it appeared that a vessel with the larger passenger capacity would cost $1,900,000 more to build and $200,000 a year more to operate. Accordingly, Mr. Lamson said, management was recommending that the vessel have a capacity of only 384 passengers, which he felt would be adequate over the vessel's expected life.

Mr. Hanover agreed, saying that the additional capacity was simply not worth the extra $2,000,000 it would cost. Mr. Ranney also agreed, although he observed that it was worthwhile to have Elliott Bay investigate the issue. After Mr. O'Brien similarly stated that he agreed with this decision, Mr. Jones noted that, while Elliott Bay's analysis had been a good exercise, the decision really was driven by the exceedingly small percentage of trips on which the Authority carries more than 300 passengers.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to proceed with the design of the Authority's new vehicle/passenger ferry with a proposed capacity of 384 passengers instead of 512 passengers, as recommended by management in Staff Summary #GM-623, dated February 12, 2014.

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

Hy-Line Cruises' Request to Provide Additional Service:

Mr. Lamson then recounted how, last year, the Authority had given Hyannis Harbor Cruises, Inc. ("Hy-Line") permission to provide additional high-speed passenger service with the *M/V Lady Martha* between Hyannis and Nantucket over certain peak weekends, but it was unclear whether the permission was granted just for the peak weekends in 2013 or was intended to extend through the end of Hy-Line's current license agreement. Accordingly, Mr. Lamson said, management was recommending that the Members vote to confirm that Hy-Line can provide that additional service this year as well.

IT WAS VOTED -- upon Ms. Norton's motion, seconded by Mr. Tierney -- to grant Hyannis Harbor Cruises, Inc. permission to provide additional high-speed service this year with the *M/V Lady Martha* between Hyannis and Nantucket on the peak weekends specified in Staff Summary #GM-621, dated February 11, 2014, on the same terms and conditions as it provided the additional service during 2013.

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

Treasurer's Report:

Mr. Davis reported that the Authority's passenger traffic for the month of January 2014 was down 3.1% compared to the same month in 2013, that its automobile traffic was down 1.8%, and that its truck traffic also was down 0.3%. Mr. Davis further reported that the Authority's net operating loss for January 2014 was expected to be around $2,975,000, approximately $750,000 lower than what had been budgeted for the month. Mr. Davis stated that, while overall revenues for the month were expected to be $50,000 lower than budgeted, the Authority's operating expenses were expected to be $800,000 lower than budgeted, with vessel fuel costs $45,000 lower than budget estimates, maintenance expenses $300,000 lower than budget estimates (due primarily to timing issues) and general expenses $275,000 lower than budget estimates (with health claims under the Authority's self-funded plans coming in around $120,000 below budget estimates). Finally, Mr. Davis reported that the Authority's independent auditors were currently reviewing the Authority's 2013 activity and that their report should be issued by the end of March 2014.

Mr. Hanover then thanked Mr. Lamson and the management staff for another year without a deficit, observing that the Authority will end 2013 with a surplus of approximately $2,000,000.

Oak Bluffs Terminal Fender Repairs:

Mr. Lamson asked the Members to award Contract No. 01-14 for the Oak Bluffs Terminal Fender Repairs to the lowest eligible and responsible bidder when bids for the contract are opened on February 20, 2014. Mr. Lamson noted that, although the 2014 budget estimate for the contract had been $50,000, the current cost estimate for the work was $200,000. Mr. Lamson also recounted how the management staff had been attempting to schedule bid opening for contracts of this size prior to Authority meetings so the contracts can then be awarded by the Members, but he observed that this one had fallen through the cracks.

IT WAS VOTED -- upon Ms. Norton's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract No. 01-14 for Oak Bluffs terminal fender repairs to the lowest eligible and responsible bidder for the contract when bids for the contract are opened on February 20, 2014.

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

Port Council's Report:

Mr. Rezendes reported that, at their meeting earlier in the month, the Port Council had voted to send a letter of appreciation to former Falmouth Port Council member S. Eric Asendorf for his 18 years of dedicated service, had discussed whether the capacity of the Authority's new vehicle/passenger ferry should be 384 or 512 passengers, had elected Nantucket Port Council member Nathaniel E. Lowell to serve as the Port Council's Secretary for the calendar year 2014, and had noted that they were still without a Port Council member from Falmouth.

Communications with the Authority's Freight Customers:

Mr. Lamson reported that Mr. Rozum recently had sent out a letter to all of the freight shippers who travel with the Authority on the Martha's Vineyard route reminding them to obey the posted speed limits when traveling to and from the Authority's terminals, to not use their Jake Brakes on Woods Hole Road and to not arrive at the Woods Hole terminal prior to 5:00 a.m. Further, Mr. Lamson said, Mr. Rozum asked the freight shippers to share the road and respect the right of way of bicyclists, to not idle their vehicles after they arrive at the terminals, and to refrain from using any inappropriate language.

In response to a question from Ms. Norton, Mr. Lamson stated that the management staff was also going to ask the Commonwealth of Massachusetts if it could place signs on Woods Hole Road informing truck drivers not to use their Jake Brakes. In response to a question from Mr. Ranney, Mr. Lamson further reported that the Authority had received some feedback from its freight customers about the letter and the feedback generally had been positive.

At approximately 10:25 a.m., Mr. O'Brien entertained a motion to go into executive session, announcing that a public discussion of the Authority's consideration of the purchase, exchange, lease or value of real property and its strategy with respect to anticipated litigation and collective bargaining matters may have a detrimental effect on the Authority's negotiating and bargaining positions. Mr. O'Brien announced that these matters included possible revisions to the Authority's purchase and sale agreement for the property located at 590 Thomas B. Landers Road in Falmouth, other Falmouth real estate, the Authority's potential acquisition of the property located at 60 School Street in Hyannis, the Authority's claims against CDR Maguire Inc. in connection with the Oak Bluffs terminal reconstruction project; and the Authority's negotiations with the Independent Steamship Authority Workers Union regarding the Authority's unlicensed vessel employees.

After Mr. O'Brien stated that the public disclosure of any more information with respect to these 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 Ms. Norton's motion, seconded by Mr. Tierney -- to go into executive session to consider the purchase, exchange, lease or value of real property and to discuss the Authority's strategy with respect to anticipated litigation and collective bargaining matters.

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

A TRUE RECORD

CATHERINE N. NORTON, Secretary

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, February 18, 2014

Marine Biological Laboratory's Candle House-Rooms 104 & 105
127 Water Street, Woods Hole, MA

1. **Agenda**

2. **Minutes of the January 21, 2014 Meeting in Public Session**

3. **Business Summary for the Month of December, 2013**

4. **Agenda Item 2(d) – Update on the Final Design and Engineering for the Thomas B. Landers Road Parking Lot**

5. **Staff Summary #L-425 dated February 11, 2014 – Approval of Amendment to the Authority's Lease with Falmouth Youth Hockey**

6. **Staff Summary #GM-622 dated February 11, 2014 – Approval of Proposed Charitable Giving Policy, Trade Sponsorship Marketing Policy and Reciprocal Trade Policy**

7. **Staff Summary #GM-623 dated February 12, 2014 – Update on Preliminary Design & Engineering for the New Passenger/Vehicle Ferry**

8. **Staff Summary #GM-621 dated February 11, 2013 – Approval of Hy-Line's Request to Again Provide Additional High-Speed Passenger Service with the M/V Lady Martha between Hyannis and Nantucket Over Certain Peak Weekends as it Provided Last Year**

9. **Staff Summary #E2014-4 dated February 15, 2014 – Contract No. 01-14 "Oak Bluffs Terminal Fender Repairs"**

10. **February 12, 2014 Port Council Minutes**

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

March 18, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 18th day of March, 2014, beginning at 9:30 a.m., in Rooms 104 and 105 of the Marine Biological Laboratory's Candle House, located at 127 Water Street, Woods Hole, Massachusetts. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth; John A. Tierney of New Bedford; and Robert F. Ranney of Nantucket.

Port Council Chairman Frank J. Rezendes of Fairhaven, Port Council Vice Chairman Robert R. Jones of Barnstable, and Port Council member George J. Balco of Tisbury were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Port Captain Charles G. Gifford; Reservations and Community Relations Manager Gina L. Barboza; Director of Marketing Kimberlee McHugh; Director of Engineering and Maintenance Carl R. Walker; Director of Human Resources Phillip J. Parent; Facilities Engineer William J. Cloutier; Director of Information Technologies Mary T.H. Claffey; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve the minutes of the Members' meeting in public session on February 18, 2014.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for January 2014, 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 3.1%), fewer automobiles (down 1.8%) and fewer trucks (down 0.3%) during the month than it had carried during the same month in 2013, but that it appeared that some of the decrease in traffic was related to the weather, observing that the Authority had cancelled many more trips in January 2014 than it had in January 2013. Mr. Lamson also reported that the Authority's net operating loss for the month had been around $2,853,000, approximately $882,000 lower than projected due to lower than budgeted operating expenses. However, Mr. Lamson noted that most of those decreases were attributable to timing differences of expenses that the Authority had budgeted for January 2014 but which will actually be incurred over the course of the following few months.

Palmer Avenue Parking Lot Improvements:

Mr. Lamson then reported that Phase 2 of the Palmer Avenue parking lot improvements project was continuing to proceed as scheduled, and that it should still be completed by mid-May 2014. Mr. Lamson also reported that the stormwater management systems had been installed, that the staff was working on the landscaping plan for the buffer between the parking lot and the bike path as well as for the bike path connector to Palmer Avenue, and that the parking lot will be paved after the contractor's asphalt plant reopens in April. Mr. Hanover then noted that the Port Council was going to be taking a site visit of the parking lot after their meeting in Woods Hole on May 7, 2014, and said that he would like to join them on their tour.

Woods Hole Terminal Reconstruction Feasibility Study:

Mr. Sayers recounted how, at the request of the Woods Hole community working group, management asked Bertaux + Iwerks Architects to evaluate several possible variations of the "Single Level" (Concept A) and "Split Level" (Concept B) alternative design concepts that they had presented in November 2013 for the reconstructed Woods Hole ferry terminal. Mr. Sayers noted that the variations included relocating the terminal building and having it be one story or two stories to see which version opens the view as much as possible and that, also at the request of the Woods Hole community working group, Bertaux + Iwerks had developed an additional design concept (Concept D) relocating the terminal building to where the Authority's freight shed is currently located.

Mr. Sayers stated that, at this point, the staff believed that either of Bertaux + Iwerks' variations on Concept B would be an acceptable alternative for the design concept for the Woods Hole terminal. However, Mr. Sayers said, at the request of the Woods Hole community working group, the staff has asked Bertaux + Iwerks to see whether one of those variations (with a two-story terminal building) can be further refined by moving the terminal building farther to the south and pivoting it 90 degrees to open up the view of the water even more while maintaining the minimum operational program elements needed for the terminal. Mr. Sayers stated that work on those refinements should be finished within the next three weeks, at which time they will be presented to the working group for their review, and that hopefully the staff will then be in a position to present a preferred (and, ideally, a consensus) design concept at next month's Authority meeting.

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

1. **that the Authority's April 2014 meeting take place in Woods Hole instead of in New Bedford, and that it be rescheduled for April 22, 2014;**

2. **that the Authority's May 20, 2014 meeting take place in New Bedford instead of in Hyannis; and**

3. **that the Authority's December 16, 2014 meeting take place in Hyannis instead of in Woods Hole.**

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

New Vehicle/Passenger Ferry:

Mr. Walker then gave a presentation on the preliminary design of the Authority's new vehicle/passenger ferry that Elliott Bay Design Group ("Elliott Bay") had developed based upon the Authority's stated requirements, and observed that the renderings were fairly close to what the vessel will end up looking like.

- Mr. Walker stated that the outboard profile of the vessel was still a work in progress, and that Elliott Bay, working with the Authority's Captains, had raised the pilot house two to three feet above the 03 deck to give them a line of sight aft for better visibility. Mr. Walker also noted that the pilot house had been bumped out for a better line of sight along the sides of the vessel as well and that, although the Captains will not have aft controls, they will have bridge wing controls so they can go outside and maneuver the vessel.

- Mr. Walker stated that the two views of the hold plan were still very much under development, observing that the staff would be looking at using MTU engines with controllable pitch propellers because Electro-Motive Diesel (EMD) had informed the Authority that it cannot make a commitment to deliver engines for the vessel by the end of 2015 which will be compliant with the then-applicable Tier 4 EPA emission standards. Therefore, Mr. Walker said, EMD engines were not an option for this project. Mr. Walker noted that the MTU engines were a different class of engines, being high-speed under 2,000 kilowatts in power and that, as a result, MTU does not have to meet the Tier 4 EPA emission standards for another year. Accordingly, Mr. Walker said, the staff was considering using MTU engines with a controllable pitch propeller system and that he and Port Engineer Stephen Clifford would be traveling to Seattle, Washington, the following week to ride vessels that use this system and to look at other vessels that have the system under development. Mr. Walker acknowledged that a variable pitch propeller requires a lot more maintenance and more inspections than a fixed pitch propeller, but that the service representative for this particular system for the East Coast was located in New Bedford and it was very reliable, very robust and overbuilt, and would be a mechanical system instead of a hydraulic one.

- Mr. Walker stated that the vessel would have a 600-horsepower bow thruster, which is the same amount of horsepower as the bow thruster on the *M/V Martha's Vineyard*.

- Mr. Walker stated that the staff, along with Elliott Bay, had conducted a very successful test of the freight deck in Hyannis which demonstrated that ten semi-trailer trucks can be driven through and loaded onto the vessel. Mr. Walker stated that the test also demonstrated that five cars can be loaded across the freight deck, which can very easily hold 50 cars and as many as 55 cars.

- Mr. Walker stated that Directions in Design would be doing all of the vessel's seating arrangements and that the vessel would have a smaller concession area than what the Authority has on its other large boats. Mr. Walker also noted that three-quarters of the freight deck would end up being covered.

- Mr. Walker stated that Elliott Bay was developing a sliding gate for the stern and that the vessel will have the same bow doors as those on the *M/V Island Home.*

- Mr. Walker stated that the vessel will have an elevator, but that there will be no passenger side loading. Accordingly, the elevator will be located mid-ship and passengers will be able to access the elevator from either the stern or the bow of the vessel by means of a marked path on the freight deck instead of having to walk through any truck lanes.

- Mr. Walker stated that, although they will not be used often, there will be trim tanks aft so that the Authority can put the stern down a little bit, particularly during shipyard deliveries.

After Ms. Norton noted that the vessel's cost estimate had increased from $35,000,000 to $47,000,000, Mr. Walker stated that he did not believe it was a very accurate number and, in any event, was very preliminary. Mr. Walker observed that the vessel was designed to ABS classifications and that Elliott Bay will now have to make it efficient but still structurally sound by reducing the weight of the boat by 100 to 200 tons. Mr. Walker noted that, because the cost estimate was based upon the vessel's anticipated weight, this will reduce the cost estimate by approximately $6,000,000, and even then the staff will look at lowering that number through value engineering before Elliott Bay provides the Authority with another cost estimate after the contract design is complete.

Mr. Hanover then expressed his concern about the vessel's windage, saying that he wanted to be certain that this would not be a reason for any trip cancellations, and he also noted that none of the Authority's Captains have had any experience with a variable pitch propeller. In response, Mr. Walker acknowledged that the vessel will have more windage than the Authority's freight boats and the *M/V Martha's Vineyard*, but not as much as the *M/V Island Home*. However, Mr. Walker said, that was why the new vessel will have a 600 horsepower bow thruster, which was twice the horsepower as the bow thrusters in the Authority's freight boats, and the vessel will also have Becker rudders which can vector the thrust 90 degrees. Mr. Walker stated that, with this equipment, the vessel's windage will not be a concern.

Mr. Walker also stated that, while a variable pitch propeller was new for the Authority's Captains, it was not for the rest of the world and that it has a lot of experience. Mr. Walker observed that the propeller will have much more backing power and thrust for maneuvering and will also be much more efficient when stopping the vessel. Further, Mr. Walker said, if the Authority were to use a fixed pitch propeller for this vessel, it would have to select another engine manufacturer.

Mr. Walker also reported that Elliott Bay was building a model of the hull that will be shipped to Force Technology in Denmark, which will then optimize and validate the preliminary hull design through a model test program that measures performance characteristics such as hull resistance, wake wash, maneuverability and seakeeping capabilities under various sea conditions. With respect to the project's schedule, Mr. Walker stated that the vessel's design is still expected to be completed and reviewed by the United States Coast Guard by October 2014 so that the SSA can issue an invitation for bids and then award a construction contract for the vessel in January 2015 and have the vessel begin service in May 2016. Mr. Walker also noted that if the Authority had decided to use Tier 3 EMD engines for the vessel, the keel would have had to have been laid by the end of 2014, but that the Authority will have until the end of 2015 to lay the vessel's keel if it uses Tier 3 MTU engines. Finally, Mr. Walker said, he was hoping that the invitation for bids will be issued during a time when there will be several shipyards who want the work.

<u>Towing/Pushing Services Policy</u>:

Mr. Lamson then asked the Members for approval of the staff's proposed changes to the Authority's Towing/Pushing Services Policy so that the policy will expressly inform the Authority's customers that the Authority will not accept for towing or pushing onto or off of its vessels any trailer that weighs more than 7,500 pounds (including its load), or is more than 30 feet in overall length, or is more than 8 feet, 6 inches wide. Mr. Lamson also noted that the revised policy will inform the Authority's customers that they should arrange for any towing/pushing services before dropping off at an Authority terminal any vehicle or trailer that needs to be towed or pushed, and that during the summer schedule customers generally will not be allowed to drop off vehicles or trailers on Fridays through Sundays to be towed at a later time.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Ms. Norton -- to approve the changes to the Authority's Towing/Pushing Services Policy as proposed by management in Staff Summary #TPF-2014-1, dated March 12, 2014.

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

Land Swap with the Town of Falmouth:

Mr. Sayers asked the Members to authorize Mr. Lamson to execute and deliver a deed conveying the Authority's property at the southwest corner of Thomas B. Landers Road and Research Road in Falmouth to the Town of Falmouth in exchange for property owned by the Town located directly to the east of the Authority's property across Research Road. Mr. Sayers noted that the Town plans to use the Authority's property to expand its wastewater treatment facility, which abuts the property to the south, and that the closing would take place shortly after the Town completes the environmental review process for its project, which may be as early as within the next few weeks.

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

1. **that Wayne C. Lamson, General Manager of the Authority, be and hereby is authorized on behalf of the Authority, as grantor, to execute and deliver a Quit-claim Deed conveying to The Inhabitants of the Town**

of Falmouth, a Massachusetts municipal corporation, the property known as 0 Thomas B. Landers Road, East Falmouth, MA 02536 being Parcel 4, containing 8.86 acres of land, more or less, as shown on a plan recorded in Barnstable County Registry of Deeds Plan Book 365, Page 73, and to execute and deliver any and all other documentation he deems reasonable and necessary in order to effectuate such conveyance, such conveyance to be made in exchange for a deed from the Town of Falmouth to the Authority of land on the easterly and northerly side on Research Road, Falmouth, MA, being 12.72 acres of land, more or less, shown as Lot 18 on Land Court Plan 31976-E; and

2. that Mr. Lamson be and hereby is authorized on behalf of the Authority to

(a) accept the foregoing deed from the Town of Falmouth subject to a preservation restriction protecting the "great rock" on said property for a term of 99 years, or

(b) execute, acknowledge, deliver and record such preservation restriction simultaneously with recording of the deed for Lot 18,

such preservation restriction to be in such form as Mr. Lamson deems necessary or appropriate.

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

60 School Street, Hyannis:

Mr. Lamson then reported that the Authority was scheduled to buy the property located at 60 School Street in Hyannis by the end of the month and noted that, once the Authority owns the property, it will demolish the building that is currently on the site and construct a driveway through the property between School Street and the Authority's Lewis Bay Road parking lot which will then be used by the Authority's shuttle buses for direct access down School Street between the parking lot and the Authority's Hyannis terminal.

Treasurer's Report:

Mr. Davis then reported that, for the past month, McGladrey LLP (the Authority's independent auditors) had been reviewing the Authority's activity for 2013 and, as a result, he was able to provide the Members with some preliminary unaudited results for the prior year.

- The Authority's net operating income (which does not include capital grants, income from the Authority's special-purpose funds or the merger of the Authority's pension plan for its licensed deck officers into the New England Teamsters & Trucking Industry Pension Fund) for the year was expected to be $2,838,804, which was approximately $7,000 higher than the Authority's net operating income in 2012 but $341,000 lower than what had been projected in the Authority's 2013 Operating Budget.

- The Authority's operating revenues in 2013 totaled $90,100,000 (around $4,751,000 higher than in 2012), with a $1,129,000 increase in passenger revenue, a $668,000 increase in automobile revenue, a $2,524,000 increase in truck revenue, and a $145,000 increase in parking revenue.

- The Authority's operating expenses in 2013 totaled $85,963,747 (around $5,160,000 higher than in 2012), with maintenance expenses increasing by $4,579,000, depreciation expense increasing by $225,000, vessel operating expenses decreasing by $619,000, terminal and parking operating expenses increase by $400,000, reservations and customer service expenses decreasing by $70,000, and other general expenses increasing by $777,000.

- The Authority's other income in 2013 increased by $444,000, primarily due to a $390,000 increase in the Authority's license fee income.

- The Authority's change in net position for 2013 was $4,188,490, which includes $2,313,000 from capital grants and contributions, $36,000 of income from special-purpose funds, and a $1,000,000 charge due to the merger of the licensed deck officers' pension plan.

Mr. Hanover declared that he was very impressed with Mr. Davis' report and all of the Members thanked Mr. Davis, as well as Mr. Lamson and his staff, for an outstanding year. Mr. Davis then reported that earlier in the morning he had talked with the Authority's representative at the Massachusetts Emergency Management Agency, who had told him that the Authority should be receiving its reimbursement for the repairs it made to the Oak Bluffs dock within the next ten days.

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 re-authorized in 2012, with only minor adjustments to reflect the subsequent debt service payments that have been made. Mr. Davis also noted that the policy, among other things, establishes the framework for the Authority's debt administration and requires the Authority to continually monitor the adequacy of its statutory bond limit.

IT WAS VOTED -- upon Mr. Hanover'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-567, dated March 12, 2014.

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

Oak Bluffs Terminal Fender Repairs:

Mr. Lamson then reported that, in accordance with the authorization the Members had given him the prior month, he had awarded Contract No. 01-14 for the Oak Bluffs Terminal Fender Repairs to the lowest eligible and responsible bidder for the contract, AGM Marine Contractors, Inc. of Mashpee, Massachusetts, for a Total Contract Price of $255,800, after bids for the contract were opened on February 20, 2014. Mr. Lamson stated that the repairs should begin that week and were scheduled to be completed by the end of April.

Port Council's Report:

Mr. Rezendes reported that, at their meeting earlier in the month, the Port Council had discussed many of the issues that had been considered by the Members earlier that day, including the Authority's request for reimbursement from FEMA for the cost of its Oak Bluffs dock repairs and the Palmer Avenue parking lot improvements project. Mr. Rezendes noted that the Port Council also had voted to recommend that the Members approve the management staff's proposed changes to the Authority's Towing/Pushing Services Policy. After Mr. Rezendes observed that the Port Council was still without a member from Falmouth, Ms. Norton stated that the Falmouth Selectmen had not yet started interviewing candidates for the position.

At approximately 10:43 a.m., Mr. O'Brien entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to collective bargaining matters may have a detrimental effect on the Authority's bargaining positions. Mr. O'Brien announced that these matters included the Authority's negotiations with the Independent Steamship Authority Workers Union regarding the Authority's unlicensed vessel employees. After Mr. O'Brien stated that the public disclosure of any more information with respect to these 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 Ms. Norton's motion, seconded by Mr. Hanover -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining matters.

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

A TRUE RECORD

CATHERINE N. NORTON, Secretary

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, March 18, 2014

Marine Biological Laboratory's Candle House-Rooms 104 & 105
127 Water Street, Woods Hole, MA

1. **Agenda**

2. **Minutes of the February 18, 2014 Meeting in Public Session**

3. **Business Summary for the Month of January, 2014**

4. **Staff Summary #L-427 dated March 12, 2014 – Update on the Feasibility Study for the Woods Hole Terminal Reconstruction Project**

5. **Staff Summary #GM-624 dated March 13, 2014 – Update on the Preliminary Design and Engineering for the New Passenger/Vehicle Ferry**

6. **Staff Summary #TPF 2014-1 dated March 12, 2014 – Approval of Proposed Change to Limit Size and Weight of Trailers to be Towed On and Off a Vessel Using the Authority's Towing Services**

7. **Staff Summary #L-426 dated March 12, 2014 – Request for Authorization to Deliver a Deed Conveying the Authority's Property at 0 Thomas B. Landers Road to the Town o Falmouth**

8. **Memorandum dated February 20, 2014 – Operating Results for the Year Ended December 31, 2013 (Unaudited) (Revised)**

9. **Staff Summary #A-567 dated March 12, 2014 – Re-Authorization of the Authority's Debt Issuance and Debt Management Policy.**

10. **Staff Summary #E2014-4 dated March 12, 2014 – Contract No. 1-14 "Oak Bluffs Terminal Fender Repairs"**

11. **March 6, 2014 Port Council Minutes**

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

April 22, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 22nd day of April, 2014, beginning at 9:30 a.m., in Rooms 104 and 105 of the Marine Biological Laboratory's Candle House, located at 127 Water Street, Woods Hole, Massachusetts. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth; John A. Tierney of New Bedford; and Robert F. Ranney of Nantucket.

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

David Scudder:

Mr. O'Brien began the meeting by asking everyone in attendance to rise and observe a moment of silence in honor and memory of David Scudder, a member of Hy-Line Cruises' management team who passed away the prior week after a long illness at the age of 59. Mr. O'Brien recounted how most of those at the Authority knew Mr. Scudder not only for his involvement with Hy-Line Cruises, but also as an active member of the Barnstable community where he gave so much of his time helping others, whether it was with the Cape and Islands United Way or the Cape Cod Maritime Museum or the many other boards on which he served. Mr. O'Brien declared that the thoughts and prayers of everyone at the Authority go out to Mr. Scudder's wife and the entire Scudder family during this difficult time.

Minutes:

IT WAS VOTED -- upon Ms. Norton's motion, seconded by Mr. Tierney -- to approve the minutes of the Members' meeting in public session on March 18, 2014.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for February 2014, 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 10.5%), more automobiles (up 8.3%) and more trucks (up 8.7%) during the month than it had carried during the same month in 2013, but that it appeared that some of the increase in traffic was related to the weather, observing that the Authority had cancelled 121 trips in February 2013 compared to the 34 trips it had cancelled in February 2014. Mr. Lamson also reported that the Authority's operating revenues and other income were $144,000 higher in February 2014 than projected, and that its operating expenses and fixed charges were $309,000 higher than budgeted. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $3,823,000, approximately $165,000 higher than projected.

Mr. Lamson further reported that, for the first two months of 2014, the Authority's operating revenues and other income had been around $199,000 higher than projected, its operating expenses and fixed charges had been around $534,000 lower than budgeted (primarily due to timing differences) and, as a result, the Authority's net operating loss had been around $6,660,000, approximately $733,000 lower than the amount projected in the Authority's 2014 operating budget.

In response to a question from Mr. Hanover, Mr. Lamson stated that the significant increase in the number of cars parked by the Authority during the month of February 2014 compared to February 2013 (13.1% increase in the Woods Hole and Falmouth lots and 37.8% increase in the Hyannis lots) was probably due to more passengers traveling as a result of the relatively better weather that month.

Palmer Avenue Parking Lot Improvements:

Mr. Lamson reported that Phase 2 of the Palmer Avenue parking lot improvements project was still expected to be completed before the Memorial Day weekend as scheduled, that the base asphalt was almost complete and that the top coat was expected to be applied over the next few weeks. At the same time, Mr. Lamson said, the contractor will be completing the landscaping in the buffer and screening areas along the bike path and the new bike path connector to Palmer Avenue, and he noted that the Authority's landscaping plan has been supplemented to include native plantings around the bio-retention areas that will help provide a habitat for bees and other pollinator insects. Finally, Mr. Lamson reported that the staff was still in the process of trying to finalize a license agreement with the Town of Falmouth regarding the use and future maintenance of the bike path connector.

Woods Hole Terminal Reconstruction Feasibility Study:

Mr. Lamson recounted how, over the past few months, the staff had met with the Woods Hole community working group to review some of their suggested alternative design concepts for the reconstructed Woods Hole terminal in an attempt to open up additional water views from the top of Water Street. As a result of that process, Mr. Lamson said, the staff had arrived at what they were now recommending as the preferred alternative design concept for the terminal, known as Concept B3.1, which he thought represented the best balance between meeting the Authority's operational needs and the community's interests.

Mr. Sayers then provided the Members with a presentation regarding the development of Concept B3.1, which he noted had been shown the previous Wednesday to the Woods Hole community at a meeting at the Woods Hole Community Hall and explained how it best addresses the principal objections that the Woods Hole Community Working Group had to the three original design concepts which were presented in November 2013 while still addressing the Authority's operational needs. Specifically, the presentation showed the following changes that had been made to the original "split level" Concept B to arrive at the current Concept B3.1:

- The proposed terminal building was moved to the south, its size was reduced to be more in line with the terminal building in Vineyard Haven, and it was altered to be two stories to further reduce its footprint and open up additional water views from the top of Water Street;
- A plaza area was added between Railroad Avenue and the terminal building for luggage handling, passenger queuing and some additional landscaping;
- The elevation of the terminal building and shuttle bus staging area was lowered from 17 feet to 13.5 feet above sea level;
- The two previously proposed elevated passenger walkways between the terminal building and the ferry slips were eliminated;
- The truck staging area was redesigned to eliminate the need for trucks to back up on the property in order to be staged prior to being loaded onto the ferries; and
- The bike path was extended down the side of Railroad Avenue to the corner of Luscombe Avenue, and bicycle parking racks were located in front of the park area on Luscombe Avenue.

However, Ms. Norton expressed her concern that Concept B3.1 did not have any accommodations for individuals with disabilities and the terminal building appeared to be too far away from the ferry slips for them to easily get back and forth. In response, Mr. Sayers stated that the design team would focus on these accessibility issues during the design phase of the project, and that one possible way to accommodate individuals with disabilities might be to have a golf cart available to transport them between the terminal building and the slips, as is done at the Oak Bluffs terminal.

But Mr. Hanover echoed Ms. Norton's concerns, observing that the ferry slips are going to be extended another 70 feet, and he questioned whether a golf cart would be sufficient. Instead, Mr. Hanover suggested that a closer drop-off and pick-up area might be needed. Mr. Hanover also expressed his concern that the terminal building's waiting room appeared to be much too small to accommodate the Authority's passengers during inclement weather.

Mr. Jones then advised the Members that the Port Council had discussed how the reconstruction project should ensure both the functionality of the new terminal and the safety of pedestrians using it, and he expressed his concern that Concept B3.1 did not have a covered walkway between the terminal building and the ferry slips. In response, Mr. Sayers that the plan was in fact to have one of the walkways covered, but that it was still too early in the process to include that level of detail in the concept drawings. Mr. Jones then agreed with Ms. Norton and Mr. Hanover that, as shown in Concept B3.1, it was a long way for people to walk between the terminal building and the slips. In response to a question from Mr. Hanover, Mr. Sayers stated that if the terminal building were to remain near the water, its floor elevation would have to be raised even higher, to 15 feet above sea level, because it would be located in a velocity flood zone.

Catherine Bumpus, Co-President of the Woods Hole Community Association, stated that the community had hoped for a more elegant compromise than Concept B3.1 to address the objections the community had to each of the three original design concepts for the new terminal, and that the community was not asking that the terminal building be located that far from the water. Indeed, Ms. Bumpus said, there were many people in the community who would be happy if the Authority left the existing terminal building where it is. Nevertheless, Ms. Bumpus stated that she appreciated the Authority's efforts to have a continuing dialogue with the community and that, while no one was jumping for joy at this particular design concept, she did not believe that anyone was going to fight it and try to delay the project.

Ms. Bumpus further observed that many people in the community were still concerned that the Authority was proposing to have three fully functional ferry slips in order to increase the amount of traffic it carries between Woods Hole and Martha's Vineyard, and the community instead would like to see the Authority carry less traffic. While Ms. Bumpus acknowledged that the size of the proposed terminal building had been reduced to be more in line with the size of the Vineyard Haven terminal building, she noted that Woods Hole does not derive the same benefits from a ferry terminal as Vineyard Haven does. Ms. Bumpus also stated that the Woods Hole community task force would continue to work with the Authority as the project proceeds.

Pam Stark then stated her family has been abutting neighbors to the Authority for 17 years and has had a positive relationship with the Authority's management under Mr. Lamson. Ms. Stark noted that Mr. Lamson and the other members of the Authority's management team are accountable to the Members, and she asked the Members to ask them eight written questions she had prepared about the proposed reconstruction of the Woods Hole terminal, which she then read and provided to Ms. Norton and Mr. Sayers.

Tom Renshaw then asked why the Authority was not proposing to retain the earth filled pier where the current terminal building is located, and he declared that removing that pier and constructing a new building will be much more costly. David Tully then informed the Members that he was a neighbor on the southern side of the Authority's terminal and the he too has had a good relationship with Mr. Lamson, but that he agreed with Ms. Stark's questions and felt that, given the fact that the new terminal must meet the Authority's needs for the next 40 or 50 years, the Members should be certain that they have conducted their due diligence.

In response to a question from Eric Gura, Mr. Lamson stated that the Authority had not yet discussed its proposal to extend the bike path to the corner of Luscombe and Railroad Avenues because the feasibility study had not yet progressed beyond the design concept stage. However, Mr. Lamson said, it appeared to him that the proposed changes to the bike path would improve the safety and convenience of bicyclists using the bike path and provide much more parking for their bicycles at that location.

Mr. Sayers stated that, while Ms. Stark's questions could be answered at that time, he felt it would be more appropriate for the management staff to prepare written responses to them. Mr. Sayers also noted that the option of retaining the existing facilities, such as the current pier and terminal building, is ordinarily evaluated during the environmental review process as the "no build" alternative, and he stated that he expected that the Authority similarly will be required to evaluate a "no build" alternative during the environmental review process for this project. Further, in response to another question from Ms. Stark, Mr. Sayers stated that the "no build" alternative was one whether the scope of the Authority's renovations to the terminal building would have to cost less than 50% of the building's market value because, if the renovations cost more than that, the Authority would be required to raise the building seven feet so that its floor elevation was at 15 feet above sea level. Mr. Sayers also noted that the State Building Inspector had informed the Authority that he would not support a request for a variance from that requirement and that it was unlikely that the Authority would receive such a variance.

In response to a question from Susan Moran, Mr. Sayers stated that the north slip has to be repositioned so that, when each of the other two slips is reconstructed, the Authority will have two fully functional slips available to maintain adequate ferry service. Mr. Sayers also stated that the Authority might locate benches along the pedestrian walkways between the terminal building and the slips or alongside the slips themselves.

Mr. Lamson suggested that the management staff provide their answers to Ms. Stark's questions before the Members consider approving Concept B3.1 as the preferred alternative design concept for the Woods Hole terminal reconstruction feasibility study. The Members agreed with that suggestion and, accordingly, Mr. Lamson stated that the staff would provide the answers before the Authority's next meeting in New Bedford.

New Vehicle/Passenger Ferry:

Mr. Lamson reported that, this past month, Port Engineer Stephen Clifford and Captain Sean O'Connor had traveled to the West Coast to look at several vessels with the Hundested gearbox and controllable pitch propellers that Elliott Bay Design Group ("Elliott Bay") was recommending be used in the Authority's new vehicle/passenger ferry. Mr. Lamson stated that, based upon their favorable reports, the staff has instructed Elliott Bay to proceed with the design of the new ferry using this Hundested controllable pitch propeller system along with MTU Tier 3 engines. Meanwhile, Mr. Lamson said, Elliott Bay is continuing to refine the ferry's structural design, and has managed to reduce the structural weight by approximately 340 tons, which will reduce the vessel's construction cost by around $6,000,000.

Mr. Lamson also reported that Elliott Bay was in the process of having its preliminary hull design optimized and validated by Force Technology in Denmark both numerically and through model testing, and that the tank test report should be completed by mid-May. In addition, Mr. Lamson said, the Authority has contracted with Directions in Design, Inc. to assist the Authority with the vessel's interior design.

Mr. Lamson then observed that the Authority will need to start thinking about how to choose a name for the new vessel, particularly as Elliott Bay moves into the design phase and starts to submit plans and drawings to the United States Coast Guard for review and approval. In response, Mr. Balco suggested that the Authority could have a contest among island schools, although he noted that there would need to be some general rules, such as requiring that each name have a historical background, and that the Authority would also have to decide who should judge the contest. The Members agreed with Mr. Balco that such a contest could generate a lot of enthusiasm and stated that, if such a contest were held, it should be among the schools in all of the Authority's constituent communities.

After Mr. Walker noted that the Authority will not know the results of the tank test by the time of the next Authority meeting (as Elliott Bay will not be presenting that information until the scheduled progress meeting on May 14th), Mr. Hanover asked Mr. Lamson whether he had scheduled a meeting with the Town of Tisbury's Harbor Management Committee. Mr. Lamson stated that he would schedule such a meeting, but that he was waiting to receive the results of the tank test so that he could better advise the committee about the vessel's potential impacts in the harbor, including its anticipated wake wash.

Hy-Line's License Request:

Mr. Lamson reported that Hy-Line Cruises ("Hy-Line") had submitted a request to the Authority for permission to build a new high-speed ferry for service between Hyannis and Nantucket that will replace its traditional mono-hull ferry on that route, the *M/V Great Point*. Accordingly, Mr. Lamson asked the Members to approve the staff's recommended procedures for the Authority to follow when considering Hy-Line's request. Mr. Lamson stated that, if those procedures are approved, the Authority would publish notices of the request later that week (and would also post it on the Authority's website) and would also ask for public comment by May 9th. Mr. Lamson noted that the Port Council members would then be asked to discuss the request at their next meeting on May 7th, and the Members would be asked to consider the request at their next meeting on May 13th.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to approve management proposed procedures for considering Hy-Line Cruises' request for permission to build a new high-speed ferry for service on the Hyannis-Nantucket route, as recommended by management in Staff Summary #L-429, dated April 15, 2014.

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

Mr. Hanover noted that he had reviewed Hy-Line's proposed schedules for the period from mid-June through Labor Day, and he asked Mr. Lamson if he could see how many passengers the Authority carries on its boats around those times. Mr. Lamson stated that he would provide the information and advised the Members that, unless there were public comments that raised unforeseen problems or complications, the staff was inclined to recommend that the Members approve the request with certain conditions. Mr. Lamson observed that there appeared to be a public need for more high-speed ferry service during the months of July and August and also a need for a vessel of similar passenger capacity during the winter when Hy-Line has to take the *M/V Grey Lady* out of service for maintenance.

Rental of the Falmouth High School Parking Lot:

Mr. Lamson then asked the Members to approve management's proposed letter of agreement with the Falmouth Public Schools for the rental of the high school parking lot on busy summer weekends this year. Mr. Lamson observed that the Authority typically has used the high school parking lot on Memorial Day Weekend and then five or six weekends (with the exception of the Road Race Weekend) during the summer months, and he also noted that the letter agreement already had been approved by the Falmouth Public Schools.

IT WAS VOTED -- upon Ms. Norton's motion, seconded by Mr. Hanover -- to approve management proposed letter of agreement with the Falmouth Public Schools for the rental of the Falmouth High School parking lot, as recommended by management in Staff Summary #GM-626, dated April 10, 2014.

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

Hyannis Parking Permits:

Mr. Lamson then asked the Members to approve management's proposed changes to the types of Hyannis parking permits the Authority issues so that the Authority can keep its Yarmouth Road parking lot open year round instead of its Lewis Bay Road parking lot, which the Authority kept open year round this past year. Mr. Lamson noted that the Authority operates only one of those lots from late December through mid-April, and he said that the staff had concluded that it makes more sense to keep the Yarmouth Road lot open instead of the Lewis Bay Road lot because the Yarmouth Road lot is bigger and also has an indoor waiting area and bathroom facilities, which the Lewis Bay Road lot does not have.

Mr. Lamson stated that, as a result of these proposed changes, all of the Authority's Hyannis permit holders would be required to park in the Yarmouth Road lot during the off-season (October 14th through May 15th) except for those who are on the Nantucket Street List and elect to pay more money to be able to park at the Hyannis terminal during that time period. Mr. Lamson also noted that this would inconvenience fewer permit holders than requiring them to park in the Lewis Bay Road lot during the winter, as only 12 of the 24 Lewis Bay Road year-round permit holders parked in the Lewis Bay Road parking during the winter last year, while 96 of the Yarmouth Road year-round permit holders used their cars during that time.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to approve management proposed changes to the Authority's policies pertaining to its Hyannis parking permits, as recommended by management in Staff Summary #TPF-2014-2, dated April 16, 2014.

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

Nantucket Park and Ride Shuttle Bus Service:

Mr. Lamson then reported that the Town of Nantucket had asked the Authority to make a one-time contribution of $50,000 toward the cost of operating a proposed Park and Ride pilot program by the Town of Nantucket and the Nantucket Regional Transit Authority from May 22nd through October 13th of this year. Mr. Lamson stated that, under the program, buses would run every 20 minutes between downtown Nantucket and an off-site parking lot located on Fairgrounds Road (close to the airport) from 7:00 a.m. through 8:00 p.m., and that the purpose of the service, which is estimated to cost $250,000, is to connect all of the island's gateway hubs (the Authority, Hy-Line and the airport) and alleviate some of Nantucket's serious downtown traffic problems. Mr. Lamson noted that ReMain Nantucket already had agreed to contribute $75,000 towards the cost of this service, and that the Town itself would be contributing $25,000, but he stated that the service would not commence until the remaining $100,000 needed to operate it is raised.

Mr. Lamson further reported that the management staff had asked the Nantucket Regional Transit Authority some questions regarding the proposed service, which had promptly been answered. Mr. Lamson stated that, based on all of the information, the staff was reluctant to have the Authority's revenues pay for the service; however, he noted that in this particular circumstance where the Town has been given inadequate notice to allocate sufficient money for the service in its operating budget, he was recommending that the Authority contribute toward the funding of the service provided that there is no obligation or expectation for the Authority to partially fund the service beyond the current calendar year and that the Town and the Nantucket Regional Transit Authority work with the Authority toward developing a bus route to serve passengers traveling on the Authority's ferries.

After Mr. O'Brien observed that the proposed shuttle bus service was also going to benefit Hy-Line's operations, R. Murray Scudder, Jr., Hy-Line's Vice President of Operations, stated that Hy-Line hoped to be discussing this subject with the Town very soon and that it wanted to be as helpful as it could. But Mr. Scudder stated that he had not been aware that there were significant parking issues around Hy-Line's terminal that had to be addressed. Similarly, Mr. Lamson noted that, as far as the situation around Authority's terminal was concerned, it had a pretty good pick-up and drop-off space and a small parking lot where people can park for a day.

Mr. Balco then stated that the cost of the proposed shuttle bus service seemed very high, and he asked whether it had been compared to the cost of the Tisbury Park and Ride service. In response, Mr. Lamson stated that the staff similarly thought the cost of the proposed service was very high and was attempting to obtain more information about the Nantucket Regional Transit Authority's cost estimates. However, Mr. Lamson observed that, given that ReMain Nantucket's commitment to contribute $75,000 towards the cost of the service was contingent upon the service starting on May 22nd, the Authority had been placed into the position of either agreeing to contribute $50,000 for the service that week or being blamed for the service's demise.

In response to a question from Ms. Norton, Mr. Ranney stated that, if the service were provided, it would be used by a wide range of people, including commuters to ride the boats every day and people who now drive around downtown unable to find parking.

In response to a question from Mr. Tierney, Mr. Scudder stated that Hy-Line had been requested to help fund the service, but that no specific number had yet been discussed. Nevertheless, Mr. Scudder said, Hy-Line would like to be part of the solution and that, if the community feels this is needed, Hy-Line would indeed participate because it is very supportive of Nantucket. Martin Reilly, Hy-Line's Director of Business Development, also stated that Hy-Line was exploring whether the entire $250,000 cost of the service could be funded by the Commonwealth of Massachusetts.

Mark Snider then informed the Members that Stop and Shop also had agreed to contribute $25,000 towards the funding of the service and that the $75,000 balance needed to operate the service had to be raised by 6:00 p.m. the following day. The Members then discussed whether to require that the Authority's contribution be refunded in the event the Commonwealth were to fund the entire cost of the service, but instead accepted Mr. Snider's assurance that the Authority would be refunded its contribution in those circumstances even without such a requirement. Mr. Tierney also moved to amend the motion to require that the contribution be equal to or less than Hy-Line's contribution, but his proposed amendment was not seconded.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to make a one-time contribution of $50,000 toward the cost of operating the proposed Nantucket Park and Ride program for 2014 on such terms and conditions as the General Manager concludes to be acceptable, provided that there is

no obligation or expectation whatsoever for the Authority to partially fund the service beyond the 2014 calendar year and that the Town of Nantucket and the Nantucket Regional Transit Authority both work with the Authority toward developing a bus route to serve passengers traveling on the Authority's ferries.

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

Treasurer's Report:

Mr. Davis reported that, during the month of March 2014, the Authority had carried fewer passengers (down 5.2%), fewer automobiles (down 2.6%) and more trucks (up 1.3%) than it had carried during the same month in 2013. Mr. Davis also reported that the Authority's operating revenues income were $175,000 lower in March 2014 than projected, and that its operating expenses were $250,000 higher than budgeted. As a result, Mr. Davis said, the Authority's net operating loss for the month had been around $3,400,000, approximately $425,000 higher than projected. Mr. Davis further reported that, for the first three months of 2014, the Authority's net operating loss had been around $10,050,000, approximately $325,000 lower than the amount projected in the Authority's 2014 operating budget.

Mr. Davis also reported that, during this year's annual promotion of 10-ride high-speed passenger ticket books through the day the *M/V Iyanough* begins service for the year, the Authority sold 2,451 electronic ticket books, representing almost a 50% increase from the 1,640 electronic ticket books it had sold during the prior year's promotion.

Demolition of Fairhaven Vessel Maintenance Facility Buildings:

Mr. Lamson then asked the Members to award Contract #08-14 for the demolition of two buildings at the Authority's Fairhaven Vessel Maintenance Facility to the lowest eligible and responsible bidder for the contract, Francesco Demolition, Inc. of Duxbury, Massachusetts, for a total contract price of $78,000. Mr. Lamson noted that, under the contract, the contractor will first demolish the "Be Careful" building, which will be replaced with a new modular building and that, after the Authority moves into the new modular building, the contractor will return to demolish the current office building.

Mr. Lamson reported that the Authority had also issued an invitation for bids ("IFB") for site work relating to the new modular building and the razing of the current office building, but had only received one bid in response to that IFB, which was in the amount of $275,000, or $175,000 more than the cost estimate for that work. Accordingly, Mr. Lamson said, management had rejected that bid and was now planning to include the modular building site work with the contract for the modular building and to award a separate contract for the site work required by the razing of the current office building.

IT WAS VOTED -- upon Ms. Norton's motion, seconded by Mr. Hanover -- to award Contract #08-14 for the demolition of two buildings at the Authority's Fairhaven Vessel Maintenance Facility to the lowest eligible and responsible bidder for that contract, Francesco Demolition, Inc., of Duxbury, Massachusetts, for a Total Contract Price of $78,000, as recommended by management in Staff Summary #E 2014-9, dated April 18, 2014.

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

Demolition and Site Work, School Street, Hyannis:

Mr. Lamson then asked the Members for authorization to award Contract No. 10-14 for the demolition of the two buildings that are currently situated at 60 School Street and 123 School Street in Hyannis, as well as for related site work (including lighting improvements, fencing, landscaping and a paved driveway on the 60 School Street property to connect the Authority's Lewis Bay Road parking lot to School Street), to the lowest eligible and responsible bidder for the contract after bids therefor are opened on April 25, 2014.

IT WAS VOTED -- upon Ms. Norton's motion, seconded by Mr. Hanover -- to authorize the General Manager to award Contract #10-14 for demolition and site work at two properties on School Street in Hyannis to the lowest eligible and responsible bidder for the contract after the opening of bids therefor, as recommended by management in Staff Summary #E 2014-7, dated April 16, 2014.

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

Mr. Jones suggested that, before the Authority demolishes the building, it notify the Town of Barnstable to make certain that the Town does not appear at the site with a cease and desist order. Mr. O'Brien agreed with Mr. Jones' suggestion and Mr. Lamson stated that he would make certain that the Town was so notified.

Port Council's Report:

Mr. Jones reported that, at their meeting earlier in the month, the Port Council had a conversation with Scarborough & Tweed, the manager of the Authority's online store, about how well the store was doing and how sales could be improved. Mr. Jones noted that, while there were numerous suggestions, one particular way that everyone thought that sales could be improved was by installing display cases. Mr. Jones also reported that Mr. Balco had suggested they attend the Tisbury Street Fair and try to sell island products, and that Nantucket Port Council member Nathaniel E. Lowell had suggested that they sell an alarm clock that has the sound of the *S/S Nobska's* whistle as its alarm.

Finally, Mr. Jones reported that the Port Council also had asked a lot of good questions about the staff's proposed use of variable pitch propellers on the new vehicle/passenger ferry, and were pleased to learn from Mr. Walker that the Authority will always have spare propeller blades readily available.

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 through December 31, 2013 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 additional portions of the minutes of the Members' meetings in executive session through December 31, 2013 that have been released to the public, subject to the above limitations, include those pertaining to:

(a) The Authority's negotiations with respect to its anticipated land swap with the Town of Falmouth (exchanging properties that are located across from each other on Research Road);

(b) The Authority's negotiations with the Licensed Officers and Maritime Workers Union (LOMWU) and then Teamsters Union Local No. 59 for a new collective bargaining agreement for the Authority's licensed deck officers;

(c) The Authority's negotiations with SEIU Local 888 for a new collective bargaining agreement for the Authority's reservation clerks and other Customer Service Department employees;

(d) The Authority's potential litigation against CDR Maguire Inc. (formerly known as the Maguire Group, Inc.) to recover damages the Authority incurred as a result of the failure of the Oak Bluff terminal building's foundation in November 2009;

(e) Esteban Vega's complaint of discrimination against the Authority;

(f) Title issues with respect to the Authority's property on Skating Lane in Falmouth;

(g) The Authority's possible involvement in the Wind Farm litigation;

(h) The Massachusetts Department of Environmental Protection's enforcement proceedings against the Authority for violations of the Fairhaven Vessel Maintenance Facility's Activity and Use Limitation;

(i) The Authority's strategy with respect to its contracts with non-union employees, including its 2013 pay program for those employees;

(j) The Authority's contract negotiations with General Manager Wayne C. Lamson;

(k) The Authority's negotiations with respect to its acquisition of the property located at 60 School Street in Hyannis;

(l) The Authority's negotiations with the Massachusetts Department of Transportation for a license agreement regarding certain areas adjacent to the bike path alongside the Authority's parking lot on Palmer Avenue in Falmouth;

(m) The Authority's negotiations with respect to its lease for a vehicle maintenance building at 485 Thomas B. Landers Road in Falmouth; and

(n) The Authority's negotiations regarding its anticipated acquisition of property located off of Thomas B. Landers Road in Falmouth for use as its new consolidated parking lot.

Meeting Schedule:

At Mr. Lamson's suggestion, the Members agreed that the next Authority meeting would take place in New Bedford, but that the date should be changed from May 20 to May 13 so that Mr. O'Brien could attend. Mr. Lamson also stated that, prior to the meeting, the staff would prepare answers to the questions that Ms. Stark had asked earlier that day regarding the Woods Hole terminal reconstruction project.

Public Comment:

On behalf of himself and his family, Mr. Scudder thanked Mr. O'Brien for the comments Mr. O'Brien had made earlier in the meeting regarding his brother, David Scudder, and he also thanked those who attended his brother's wake and funeral service. Mr. Scudder also related how much he and his family enjoy and respect their relationship with the Authority.

At approximately 11:36 a.m., Mr. O'Brien entertained a motion to go into executive session, announcing that a public discussion of the Authority's consideration of the purchase, exchange, lease or value of real property and its strategy with respect to collective bargaining matters may have a detrimental effect on the Authority's negotiating and bargaining positions. Mr. O'Brien announced that these matters included the proposed conveyance of a portion of the Authority's property abutting 10 Main Street in Fairhaven, potential sites for the relocation of the Authority's General Offices, and the Authority's negotiations with the Independent Steamship Authority Workers Union regarding the Authority's unlicensed vessel employees. After Mr. O'Brien stated that the public disclosure of any more information with respect to these subjects would compromise the purpose for which the executive session was being called, he announced that the Members would not reconvene in public after the conclusion of the executive session.

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

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

A TRUE RECORD

CATHERINE N. NORTON, Secretary

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, April 22, 2014

Marine Biological Laboratory's Candle House-Rooms 104 & 105
127 Water Street, Woods Hole, MA

1. **Agenda**
2. **Minutes of the March 18, 2014 Meeting in Public Session**
3. **Business Summary for the Month of February, 2014**
4. **Staff Summary #L-430 dated April 16, 2014 – Approval of Woods Hole Terminal Preferred Alternative Design Concept**
5. **Staff Summary #GM-625 dated April 16, 2014 – Update on the Preliminary Design and Engineering for the New Passenger/Vehicle Ferry**
6. **Staff Summary #L-429 dated April 15, 2014 – Hy-Line's Request for Permission to Build a new High-Speed Ferry for Service between Hyannis and Nantucket that will replace its Traditional Ferry, the Great Point, on that Route**
7. **Staff Summary #GM-626 dated April 10, 2014 – Proposed Renewal of Falmouth High School Parking Lot Agreement**
8. **Staff Summary #TPF 2014-2 dated April 16, 2014 – Proposed Hyannis Parking Permit Changes Effective May 15, 2014**
9. **Staff Summary #GM-628 dated April 16, 2014 – Request for Partial Funding of Nantucket Park n' Ride Shuttle Bus Service**
10. **Staff Summary #E2014-9 dated April 16, 2014 – Contract No. 8-14 "Demolition of Two Buildings at the Fairhaven Maintenance Facility**
11. **Staff Summary #E-2014-7 dated April 16, 2014 – Contract #10-14 "School Street – Demolition and Site Work-Hyannis**
12. **Staff Summary #GM-627 dated April 15, 2014 – Release to the Public Ports of Executive Session Minutes**
13. **April 2, 2014 Port Council Minutes**

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

May 13, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 13th day of May, 2014, beginning at 9:30 a.m., in the Fort Taber ~ Fort Rodman Military Museum, located in Fort Tabor Park, New Bedford, Massachusetts. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth; John A. Tierney of New Bedford; and Robert F. Ranney of Nantucket.

Port Council Chairman Frank J. Rezendes of Fairhaven, Port Council Vice Chairman Robert R. Jones of Barnstable, and Port Council members Edward C. Anthes-Washburn of New Bedford, Robert V. Huss of Oak Bluffs and George J. Balco of Tisbury were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/ Comptroller Robert B. Davis; Reservations and Community Relations Manager Gina L. Barboza; Director of Terminal and Parking Operations Mark K. Rozum; Director of Marketing Kimberlee McHugh; Director of Information Technologies Mary T.H. Claffey; Director of Engineering and Maintenance Carl R. Walker; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Minutes:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to approve the minutes of the Members' meeting in public session on April 22, 2014.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for March 2014, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried fewer passengers (down 5.2%), fewer automobiles (down 2.6%) and more trucks (up 1.3%) during the month than it had carried during the same month in 2013. Mr. Lamson also reported that the Authority's operating revenues and other income were $78,000 lower in March 2014 than projected, and that its operating expenses and fixed charges were $70,000 lower than budgeted. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $2,987,000, approximately $8,000 higher than projected.

Mr. Lamson further reported that, for the first three months of 2014, the Authority's operating revenues and other income had been around $121,000 higher than projected, its operating expenses and fixed charges had been around $604,000 lower than budgeted (primarily due to timing differences) and, as a result, the Authority's net operating loss had been around $9,647,000, approximately $725,000 lower than the amount projected in the Authority's 2014 operating budget. Finally, Mr. Lamson reported that the Authority's cash balance at the end of March 2014 was $1,800,000 higher than projected, due to the reimbursement the Authority received from FEMA for the repairs it made to the Oak Bluffs dock after the dock had suffered damage from Hurricane Sandy.

Palmer Avenue Parking Lot Improvements:

Mr. Lamson reported that Phase 2 of the Authority's Palmer Avenue Parking Lot Improvements Project was continuing and that the lot should be fully operational for the Memorial Day weekend. Mr. Lamson stated that the final paving was being completed that week, and that some of the trees and shrubs for screening along the bike path have been planted; but he also noted that some of the fencing and some additional landscaping will not be completed until after the parking lot is open.

Mr. Lamson further reported that there had been very few change orders with respect to the project, noting that the Authority had just one surprise when the contractor encountered an undocumented fuel tank that had been installed by a previous owner. In this regard, Mr. Lamson recounted how there had still been fuel in the tank when the contractor removed it, and that the soil surrounding the tank had not been contaminated.

Woods Hole Terminal Reconstruction Feasibility Study:

Mr. Lamson recounted how, at the prior month's Authority meeting, the management staff had reviewed their proposed "preferred alternative" design concept (Concept B3.1) for the purpose of the Woods Hole terminal reconstruction feasibility study, but had suggested that the Members defer their consideration of the matter until the staff had the opportunity to provide answers to eight questions that Woods Hole resident Pam Stark had asked at that meeting. Mr. Lamson noted that the staff subsequently had provided answers to those questions, and offered to review them and answer any additional questions the Members might have.

Mr. Lamson also recounted how, at the same meeting, the Members had expressed concern about the distance between the new ferry slips and the proposed customer drop-off/pick-up area, observing that it might be difficult for some people to walk that distance. In this regard, Mr. Lamson stated that the staff is continuing to look at operational measures that can be taken to alleviate the burden of walking that distance for the elderly and individuals with disabilities, such as using golf carts to transport those passengers as the Authority currently does at the Oak Bluffs terminal, and that the staff will continue to explore additional alternatives to maximize the accessibility of the new terminal for all of the Authority's passengers during the design process.

Ms. Norton stated that she appreciated the in-depth analysis of the issues regarding the new terminal's accessibility, which she noted has now been brought to the forefront of the design process as an essential issue that needs to be addressed. Mr. Hanover stated that he similarly appreciated the focus on the distances (and that he was pleased to see that passengers will be boarding the ferries through their forward doors), and thanked Ms. Stark for her questions, which he said were very thoughtful.

However, Mr. Hanover declared that he still had a lot of concerns about those distances and that there was still no provision for passengers to be dropped off closer to the ferry slips. Indeed, Mr. Hanover said, if the Members' approval of Concept B3.1 were to allow the Authority to proceed without such a commitment, he could not support it, and he observed that the Authority needs to address these concerns early in the design process.

After Mr. Hanover repeated that he was not happy with the design concept due to the fact that it would be quite a distance for people to walk between the drop-off/pick-up area and the ferry slips, Mr. Lamson noted that the distance was due in part for the turning radius that will be needed for the buses to maneuver into the drop-off/pick-up area, and that moving the terminal building closer to the water would eliminate some of the staging area unless it could be relocated elsewhere on the property. Indeed, Mr. Lamson noted that Concept B3.1 provides enough staging for only 175 vehicles, which is the same number of vehicles that the Authority can stage today.

Mr. Hanover then suggested that the terminal building be located on the northern side of the property parallel to Railroad Avenue, but Mr. Lamson stated that this idea had been explored and it did not work well operationally. Mr. Lamson noted that the Woods Hole community task force had asked that the terminal building be located as far to the south as possible (which Concept B3.1 does) and that it be turned ninety degrees (which Bertaux + Iwerks had determined could not be done while maintaining the turning radius for the buses).

Catherine Bumpus, Co-President of the Woods Hole Community Association, declared that Concept B3.1 was the best that can be accomplished given the parameters that were laid out at the beginning of the study, and that it was pretty much the best operational box that could be developed. Ms. Bumpus stated, however, that the community would love it if the Authority were to look at a different box, observing that adding a third slip and taking down the terminal building starts a cascade of issues, and that she had outlined those issues in a letter that she then provided to the Members.

Ms. Bumpus declared that many members of the community had learned a lot about the constraints of the site and that, while Concept B3.1 was a partial improvement to the Authority's operations, it was not an improvement overall. Ms. Bumpus also agreed with a statement made by her Co-President, Stephan Junker, in an email she provided to the Members with her letter, namely, that "making a least bad decision is not the same as making a good decision." Ms. Bumpus declared that the Authority should look at some other options and that trying to solve some of these problems may be worth it because Concept B3.1 was still not great for anybody.

After Mr. Hanover observed that having a fully operational third slip was very important to the Authority so that it can maintain operations when one of the other slips is unavailable, Ms. Bumpus suggested that Slip No. 3 possibly could be significantly upgraded, or that the Authority might be able to operate out of New Bedford. Ms. Bumpus also declared that excavating the pier will be a huge job, given the many different types of materials that make it up.

Mr. Hanover stated that he was still not comfortable with Concept B3.1, although he observed that all of the slips and bulkheads need to be replaced. Woods Hole resident Tom Renshaw then asked the Members to explore the possibility of retaining the building in its current location, declaring that the cost savings from developing Concept B3.1 will be compelling. Mr. Renshaw stated that Slip No. 3 could be enlarged where it is so that it can accommodate every vessel except the *Island Home*. When Mr. Hanover noted that there is no place for staging around Slip No.3, Mr. Renshaw stated that would not present that much of a problem because he would not expect the slip to be used except on a temporary basis.

Mr. Lamson then noted that, because the current terminal building has an assessed value of a little more than $600,000, any significant improvements to the building would cost more than one-half of its market value, thereby requiring the Authority to comply with current state building code regulations, including raising the floor elevation of the building from eight feet to fifteen feet above sea level. But Woods Hole resident David Tully stated that the current maps of the area show that the current building and pier are not in a velocity flood zone and that, therefore, the building would only have to be raised to thirteen feet above sea level. Mr. Tulley stated that the designers did a lot of very creative thinking with respect to the other design concepts, and that he felt they similarly could come up with a creative solution for this alternative that had not been explored. Ms. Bumpus also suggested that the Authority could make the pier slightly smaller, which would provide the Authority with a lot more options.

> **IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Ms. Norton -- to approve Concept B3.1, as attached to Staff Summary #L-433, dated May 8, 2014, as the "preferred alternative" design concept for the purposes of the Woods Hole terminal reconstruction feasibility study, provided that the site's accessibility between the ferry slips and the proposed customer drop-off and pick-up area is improved for individuals with disabilities.**

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

New Vehicle/Passenger Ferry:

Mr. Lamson reported that the design of the new vehicle/passenger ferry was continuing to go well, that the tank testing of the hull was being completed in Denmark, and that a report of the test results would be available within the following two weeks. Mr. Lamson also reported that the design team from Elliott Bay Design Group would be meeting with the management staff again the following day in Woods Hole, and they will also attend the staff's meeting later that day with the Vineyard Haven Harbor Management Committee to discuss what impacts the new ferry will have on the harbor.

Mr. Lamson also recounted how the staff had discussed with the Port Council at their meeting the prior week various methods for selecting a name for the new vessel, and that the Port Council ultimately had formed a committee to develop a list of possible names for the Members' consideration. Ms. Norton and Mr. Ranney then volunteered to serve on the committee with Messrs. Rezendes and Balco and Falmouth Port Council member Robert Munier, and the committee members in attendance agreed to meet and complete the process as quickly as possible so that the Authority will have a name to use on the plans and drawings it submits to the United States Coast Guard.

After Mr. Lamson noted that the project schedule called for Elliott Bay to have the final contract design and specifications completed by the end of October 2013 and for the Authority to award a construction contract for the vessel by no later than January 2015, Mr. Hanover asked whether shipyards will have less work around that time so that they will submit bids for the contract. In response, Mr. Lamson stated that shipyards were still quite busy but that he hoped several shipyards would be available by the end of the year.

Mr. Walker then recounted how, when he and Port Engineer Stephen Clifford had attended the International Workboat Show last year, one of their main focuses was canvassing all of the shipyards about the possibility of constructing the Authority's new ferry, and that he hoped the Authority will receive a lot of bids for the contract. In particular, Mr. Walker said, VT Halter Marine, Eastern Shipbuilding Group, and Conrad Shipyard (which Mr. Walker stated was a good yard in Houston, Texas) all had expressed interest and, while the demand for ships was quite strong right now, he thought there would still be room for the Authority's project.

Hy-Line's License Request:

Mr. Lamson then reported that the management staff was recommending that the Authority approve Hy-Line Cruises' request for permission to build a new high-speed ferry for service between Hyannis and Nantucket that will replace its traditional mono-hull ferry on that route, the *Great Point*, and stated that, if the Members were to approve the request, the staff intended to present them with a proposed new three-year license agreement for their consideration and approval at next month's Authority meeting on Nantucket. Mr. Lamson also stated that the new license agreement would include, among the other standard provisions:

(a) The use of Hy-Line's alternative license fee formula for the first two years of the agreement (2015 and 2016) and then the use of the management staff's proposed revised license fee formula for the last year (2017).

(b) A requirement that no departure of either of Hy-Line's high-speed ferries on the Nantucket route be within 30 minutes prior to, or 15 minutes after, any scheduled departure of the Authority's high-speed ferry.

(c) A provision prohibiting Hy-Line, as soon as feasible after the Town of Barnstable constructs the new sewage pump-out facilities beside Hy-Line's Hyannis ferry terminal (which is expected to be completed by the end of 2014), from pumping its vessels' sewage into Nantucket Sound, and instead requiring Hy-Line to use those new pump-out facilities.

R. Murray Scudder, Hy-Line's Vice President for Operations, thanked the Authority's management staff for their work during what he described as a good but challenging process. Mr. Scudder also expressed his hope that Hy-Line's second high-speed ferry between Hyannis and Nantucket will have a positive impact not only for the island, but for both Hy-Line and the Authority as well.

Mr. O'Brien declared that, while he was disappointed that this matter was being considered by the Authority in New Bedford rather than in Hyannis, he felt it was time to move on. Mr. Hanover then noted that the Nantucket Selectmen had sent a letter expressing their support for Hy-Line's request, but had stated in the letter that they were doing so with the expectation that Hy-Line and the Authority will continue to participate and contribute to support the new Park and Ride program and other parking solutions for the Town of Nantucket, and he asked whether that was going to be condition of the new license agreement.

In response, Mr. Lamson stated that it was not going to be condition of the new license agreement, that the Authority saw Hy-Line's license request and the continued participation by Hy-Line and the Authority in Nantucket's Park and Ride program as two separate matters, and that the Nantucket Selectmen's expectation that Hy-Line and the Authority will continue their participation in that program was in no way binding upon the Authority. But Mr. Lamson also noted that the Authority was looking forward to having a discussion with all of the parties involved in that program as part of a working group to find a long-term solution to Nantucket's parking problems and the funds necessary to pay for the Park and Ride service as part of the Nantucket Transit Authority's operations

In response to a question from Mr. Hanover, Mr. Ranney stated that he felt the Nantucket Memorial Airport Commission had been provided with an adequate opportunity to comment on this matter. However, Mr. O'Brien stated that he did not believe the Barnstable Municipal Airport Commission had been given a sufficient chance. Nevertheless, Mr. O'Brien said, he thought that it was time to move on.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Ms. Norton -- to approve the request from Hyannis Harbor Tours, Inc. ("Hy-Line") for permission to build a new high-speed ferry for service on the Hyannis-Nantucket route on the terms and conditions recommended by management in Staff Summary #L-431, dated May 8, 2014, and at the meeting this day.

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

2013 Analysis of Rates versus the Cost of Service:

Mr. Davis reviewed his analysis of the effectiveness of the Authority's rate structure to cover each route's respective cost of service for passengers, automobiles and trucks during the 2013 calendar year, noting that the methodologies used in the analysis were the same as those that have been used for the previous nine years. With respect to the Martha's Vineyard route, Mr. Davis noted that:

(a) In 2013, total vessel operating costs increased by $1,173,000, or 5.1%; total indirect non-vessel costs increased by $2,343,000, or 11.1%, principally due to the repairs of the Oak Bluffs terminal's dock; and, as a result the overall cost of service for the Martha's Vineyard route increased by $3,516,000, or 8.0%, from 2012.

(b) The number of trips operated increased by 215 in 2013, with total capacity for the year increasing by 4,190 car-equivalent unit spaces. The number of spaces occupied increased by 16,211, or 2.8%, from 2012, resulting in an increase of the occupancy rate from 78.2% in 2012 to 79.9% in 2013.

(c) The estimated cost of a car-equivalent unit space was $53.55 in 2013, up from $49.20 in 2012. On average, automobiles covered 89.3% of their allocated cost of service, with standard fare automobiles covering 120.4% and excursion fare automobiles covering 37.2%. By comparison, on average, trucks were covering 102.2% of their allocated cost of service.

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

(a) In 2013, total vessel operating costs increased by $1,256,000, or 8.4%, in 2013; total indirect non-vessel costs allocated to the Nantucket route increased by $184,000, or 1.7%; and, as a result, the overall cost of service for the Nantucket route increased by $1,439,000, or 5.6%, from 2012.

(b) The number of trips operated increased by 55 in 2013, and 1,460 more spaces were provided in 2013 than in 2012. The total number of spaces occupied increased by 6,812, resulting in an increase in the occupancy rate from 78.1% in 2012 to 80.9% in 2013.

(c) The estimated cost of a car-equivalent unit space was $129.36 in 2013, up from $125.89 in 2012. On average, automobiles were covering 116.0% of their allocated cost of service, with standard fare automobiles covering 149.1% and excursion fare automobiles covering 41.5%. By comparison, on average, trucks were covering 88.9% of their allocated cost of service.

Mr. Davis noted that the management staff keeps these statistics in mind as they prepare the Authority's budget for next year, especially if it is determined that any rate adjustments are need. Mr. Davis also noted that the occupancy rates for both routes last year had been around 80%, which is what the staff feels is within an appropriate range. The Members then complimented Mr. Davis on his very thorough analysis.

Port Council's Report:

Mr. Rezendes reported that, at their meeting earlier in the month, the Port Council had discussed extensively all of the items that had been on the agenda of today's Authority meeting and that, after asking many questions about management's recommendation with respect to Hy-Line's license request (after discussing a motion to postpone consideration of the matter), the Port Council had voted to recommend that the Authority approve management's recommendation regarding that request. Mr. Rezendes also reported that, at the Port Council's meeting, Centerplate's Senior Vice President had reviewed some of the initiatives that Centerplate was undertaking with respect to its food concession operations on the Authority's boats and in the terminals.

Mr. Rezendes further reported that both he and Mr. Jones, together with Messrs. O'Brien and Ranney, had attended a meeting with the Authority's independent auditors, who advised them that the Authority' had a spectacular audit due mainly to the good work of Messrs. Lamson and Davis.

Performance Evaluation of the General Manager:

Mr. Sayers stated that the Members had been provided with a proposed form to be used by the Port Council and the Members at their June meetings when evaluating the performance of the General Manager over the past year. Mr. Sayers also stated that the form, which is based upon the Members' prior performance evaluation form, had been updated to include the General Manager's seven goals for this year and to call for the formulation of the General Manager's goals and objectives for the upcoming year (July 1, 2014 – June 30, 2015) to take place at the Port Council and Authority meetings in July.

Mr. Sayers further stated that the proposed form includes a new Section III containing an evaluation of the General Manager's management of the Authority's operations over the past year, which had not explicitly been a subject of prior evaluations. Mr. Sayers noted that, at the Port Council's suggestion, the proposed form no longer accords a specific number of points for each section that are then be added together to result in the General Manager's overall performance being evaluated on a scale from 1 to 100. Mr. Sayers stated that the proposed form instead reflects the Port Council's recommendation that the General Manager be evaluated on a percentage basis only with respect to each section of the performance evaluation.

Messrs. Huss and Jones confirmed that the Port Council's recommendation was that, when evaluating the General Manager's performance, the Members should not give his goals equal weight to his management of the Authority and that, accordingly, the results of each section in the proposed form are segregated without being added together. Mr. Hanover then observed that, as a result, the ultimate evaluation becomes more of a subjective process. After this discussion, Mr. Sayers also noted that, in accordance with Open Meeting Law, each of the evaluation forms completed by the Members and the Port Council members will be subject to public disclosure as public records.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to adopt the form attached to Staff Summary #L-432, dated May 8, 2014, for the performance evaluation of the General Manager.

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

Demolition and Site Work, School Street, Hyannis:

Mr. Lamson then reported that, in accordance with the authorization the Board had given him the prior month, he had awarded Contract No. 10-14 for the demolition of the two buildings located at 60 School Street and 123 School Street in Hyannis, as well as for related site work, to C.C. Construction, Inc. of South Dennis, Massachusetts, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $190,000. However, Mr. Lamson noted that the Authority was still waiting for NSTAR to disconnect the utilities at those locations before it can start the demolition work.

Public Comment:

Woods Hole resident Pam Stark thanked the Authority's management staff for having addressed her concerns so thoroughly, saying that she hoped the Members appreciated the staff's answers as much as she did. Ms. Stark also encouraged the Authority to be responsive to the community's concerns, declaring that everyone working together might be able to make best of a plan that everyone seems a little uncomfortable with. Further, Ms. Stark said, she felt the Authority should prepare an analysis of what it would cost to have a new small terminal building on the existing pier, which would allow for a more functional slip on the northern side of the pier than what is currently there.

Woods Hole resident Wallace Stark declared that he continued to be perplexed over all the fuss about a new terminal when the Authority appears to be providing adequate transportation to and from Martha's Vineyard, observing that the Authority's 2012 Annual Report states that 98.3% of all of the Authority's trips to and from the island ran as scheduled, and that the other trips were cancelled due to weather and mechanical problems, not problems with the current terminal. Mr. Stark also asked the Members to follow up on the possibility of receiving a variance to build the new terminal building at a lower elevation than 13-½ feet above sea level, noting that no official application for such a variance has been submitted or denied.

At approximately 10:43 a.m., Mr. O'Brien entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to collective bargaining matters may have a detrimental effect on the Authority's bargaining positions. Mr. O'Brien announced that these matters included the Authority's negotiations with the Independent Steamship Authority Workers Union regarding the Authority's unlicensed vessel employees. After Mr. O'Brien stated that the public disclosure of any more information with respect to these subjects would compromise the purpose for which the executive session was being called, he announced that the Members would not reconvene in public after the conclusion of the executive session.

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

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

A TRUE RECORD

CATHERINE N. NORTON, Secretary

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, May 13, 2014

Fort Taber/Fort Rodman Military Museum
Fort Taber Park
New Bedford, MA

1. **Agenda**
2. **Minutes of the April 22, 2014 Meeting in Public Session**
3. **Business Summary for the Month of March, 2014**
4. **Staff Summary #L-431 dated May 8, 2014 – Hy-Line's Request to Change its Ferry Service Between Hyannis and Nantucket by Adding a Second High-Speed Ferry and Retiring its Traditional Ferry, the M/V Great Point**
5. **Staff Summary #GM-629 dated May 8, 2014 – Update on the Preliminary Design and Engineering for the New Passenger/Vehicle Ferry**
6. **Staff Summary #L-433 dated May 8, 2014 – Appoval of the Preferred Alternative Design Concept in Connection with the Woods Hole Terminal Reconstruction Project**
7. **Staff Summary #A-568 dated May 7, 2014 – 2013 Analysis of Rate versus Cost of Services**
8. **Staff Summary #L-432 dated May 8, 2014 – Process and Form to be used for the Performance evaluation of the General Manager**
9. **May 7, 2014 Port Council Minutes**

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

May 28, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 28th day of May, 2014, beginning at 2:30 p.m., in the second floor conference room of the Authority's Woods Hole terminal, located at the Foot of Railroad Avenue, Woods Hole, Massachusetts. Three Members were present: Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth; and Robert F. Ranney of Nantucket. Chairman Robert L. O'Brien of Barnstable and John A. Tierney of New Bedford were not present.

Port Council Chairman Frank J. Rezendes of Fairhaven and Port Council members Robert S.C. Munier of Falmouth, Robert V. Huss of Oak Bluffs and George J. Balco of Tisbury were also present, as were the following members of management: General Manager Wayne C. Lamson; Director of Information Technologies Mary T.H. Claffey; and General Counsel Steven M. Sayers.

<u>Island Commuter Corporation's License Request</u>:

Mr. Lamson reported that it had recently come to the staff's attention that the *M/V Island Queen's* published 2014 Summer Schedule called for that vessel, beginning on Friday, June 13, 2014 (the second Friday in June), to provide eight round trips between Falmouth and Oak Bluffs on Fridays and Sundays, as well as seven round trips on Mondays through Thursdays and Saturdays. However, Mr. Lamson said, under the Amended Judgment in <u>Island Commuter Corp. v. Woods Hole, Martha's Vineyard and Nantucket Steamship Authority</u>, the *M/V Island Queen* is not allowed to make more than five round trips on Fridays through Sundays, or more than two round trips on Mondays through Thursdays, until the third Friday in June (June 20, 2014) unless Island Commuter Corp. has received written permission or a license from the Authority to do so.

Mr. Lamson stated that he felt these additional scheduled trips by the *M/V Island Queen* were the result of an honest mistake and that, when notified of the situation, Island Commuter Corp.'s President, Charles L. Bardelis, Jr., had asked for a license from the Authority to provide those additional trips during the week of June 13 through June 19, 2014, and had also agreed to the staff's request that the Authority receive a license fee in the amount of $4.39 for each passenger carried on each of those additional trips. Mr. Lamson observed that the $4.39 amount equaled fifty percent (50%) of the Authority's average revenue per passenger on the Martha's Vineyard route in 2013.

Mr. Lamson also noted that the *M/V Island Queen* similarly had begun its Summer Schedule a week earlier in 2013, but he stated that the staff was recommending that the Authority not seek any license fees for the additional trips which the *M/V Island Queen* had provided that previous year.

Mr. Bardelis then thanked Mr. Lamson for offering to provide Island Commuter Corp. with a license to operate the additional trips this year instead of limiting the *M/V Island Queen's* trips to only those allowed in the Amended Judgment, which he said would have been a nightmare given that all of his schedules already had been published.

IT WAS VOTED -- upon Ms. Norton's motion, seconded by Mr. Ranney -- to approve the license agreement with Island Commuter Corporation as recommended by management and in the form attached to Staff Summary #GM-630, dated May 23, 2014.

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

At approximately 2:35 p.m., Mr. Hanover then entertained a motion to adjourn the meeting.

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

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

A TRUE RECORD

CATHERINE N. NORTON, Secretary

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Wednesday, May 28, 2014

Second Floor Conference Room
SSA's Woods Hole Terminal
Foot of Railroad Avenue, Woods Hole, MA

1. Agenda

2 Staff Summary #GM-630 dated May 23, 2014 – Approval of License Agreement with Island Commuter Corporation for Additional Service During the Period of June 13, 2014 through June 19, 2014

3. License Agreement between Steamship Authority and Island Commuter Corporation

4. Martha's Vineyard Summer and Spring & Fall Schedules

5. M/V Island Queen Summer Schedule

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

June 17, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 17th day of June, 2014, beginning at 9:42 a.m., in the Discovery Room of the Nantucket Whaling Museum, located at 15 Broad Street, Nantucket, Massachusetts. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth; John A. Tierney of New Bedford (who participated remotely by telephone conference call); and Robert F. Ranney of Nantucket.

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

Mr. Tierney's Remote Participation in the Meeting:

Mr. O'Brien announced that he had been notified by Mr. Tierney that he desired to participate remotely in this meeting because his geographic distance from Nantucket made his physical attendance today unreasonably difficult. Mr. O'Brien stated that he agreed with Mr. Tierney and that, as the Authority's Chairman, he had determined that Mr. Tierney's physical attendance today was unreasonably difficult due to his geographic distance from Nantucket and that, therefore, he may participate remotely in this meeting, which included voting on all matters as well. Mr. O'Brien noted that Mr. Tierney 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. O'Brien further announced that, as a result of Mr. Tierney'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. Ranney -- to approve the minutes of the Members' meeting in public session on May 13, 2014.

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

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on May 28, 2014.

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

Messrs. O'Brien and Tierney stated that they were abstaining from voting on the minutes of the May 28, 2014 meeting because they were not present at that meeting.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for April 2014, 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 3.8%), more automobiles (up 5.9%) and more trucks (up 5.0%) during the month than it had carried during the same month in 2013. Mr. Lamson also reported that the Authority's operating revenues and other income were $255,000 higher in April 2014 than projected, and that its operating expenses and fixed charges were $32,000 higher than budgeted. As a result, Mr. Lamson said, the Authority's net operating loss for the month had been around $1,334,000, approximately $222,000 lower than projected.

Mr. Lamson further reported that, for the first four months of 2014, the Authority's operating revenues and other income had been around $375,000 higher than projected, its operating expenses and fixed charges had been around $571,000 lower than budgeted and, as a result, the Authority's net operating loss had been around $10,981,000, approximately $947,000 lower than the amount projected in the Authority's 2014 operating budget. Finally, Mr. Lamson reported that the Authority's cash balance at the end of April 2014 was $3,634,000 higher than projected, due in part to the reimbursement the Authority received from FEMA for the repairs it made to the Oak Bluffs dock after the dock had suffered damage from Hurricane Sandy.

Palmer Avenue Parking Lot Improvements:

Mr. Lamson then reported that Phase 2 of the Palmer Avenue Parking Lot Improvements Project was basically complete, and that the only thing left is to finish were some additional plantings and landscaping to provide additional screening along the bike path and improve the view from Palmer Avenue, which should be done by the end of this week. Mr. Lamson also reported that the total cost for all of these improvements, including the demolition of the old ice rink and the new storm water management system, was around $4,500,000 and that, with the completion of the first two phases of the project, the Authority had added approximately 350 parking spaces to the capacity of the Palmer Avenue parking lot. Mr. Lamson noted that the final phase of the project will be to replace the existing vehicle maintenance building with a new building with restrooms, a customer waiting area, an office for the Parking Lot Manager and a break room for employees, and that it will be undertaken in the upcoming year.

Woods Hole Terminal Reconstruction Feasibility Study:

Mr. Lamson recounted how, at the prior month's Authority meeting, the Members had asked the management staff to look at ways the Authority could reduce the proposed distance between the slips and the new terminal building in the "preferred alternative" design concept (Concept B3.1) that was approved for the purpose of the Woods Hole terminal reconstruction feasibility study. Mr. Lamson stated that, after the meeting, the staff went back to Bertaux + Iwerks Architects, who then developed a new concept (Concept E) which reduced that distance, and that the staff since has presented Concept E to the Woods Hole Community Working Group and the entire Woods Hole community at a meeting in Woods Hole Community Hall last week. However, Mr. Lamson emphasized that the project was still very much in the concept phase and that the staff will be looking to refine this concept as it gets further into the design phase in the months ahead.

Mr. Sayers then gave a presentation to the Members that showed the following differences between the previous Concept B3.1 and the new Concept E:

- The terminal building has been moved closer to the slips and centered between the passenger crosswalks to the piers.

- The automobile staging area has been relocated to the eastern side of the property, placing it behind both the terminal building and the bus pick-up and drop-off area. (The plan is that automobiles being loaded onto a large passenger/vehicle ferry docked in Slip No. 2 will proceed around one side of the terminal building while passengers who are then disembarking and boarding the ferry will proceed around the other side.)

- The proposed elevation of the automobile staging area will be about the same as it is now (approximately five to six feet lower than in Concept B3.1).

- The pick-up and drop-off location for passengers using our shuttle van to get to and from the back parking lot has been relocated up to the eastern-most bus island (and the shuttle van eventually might end up dropping off and picking up passengers even closer to the ferry slips).

- The elevation of the plaza around the building is 10-½ feet above sea level so only a single-run 30-foot ramp is needed to reach the terminal building, which has an elevation of 13 feet above sea level.

Mr. Sayers' presentation also showed how Concept E was more appealing to the community than the Authority's previous concepts:

- Concept E places the terminal building farther away from intersection of Woods Hole Road, Crane Street and Railroad Avenue, making it look smaller from that vantage point and opening up more of the view of the water on both sides of the building.

- The elevation and general location of the automobile staging area will remain the same as it is today.

- The elevation of the bus drop-off and pick-up area will similarly be the same or only slightly higher than it is today, instead of being 15 to 16 feet above sea level as it was in Concept B3.1.

- By having the buses exit the terminal closer to the foot of Railroad Avenue instead of farther up the hill, there is no need to eliminate any of the current parking spaces on Railroad Avenue.

- By having most of the property remain at its current elevation, the bike path will remain level from underneath the Crane Street bridge to Luscombe Avenue, instead of having to rise from eight feet above sea level to 16 feet (where the buses were going to exit onto Railroad Avenue in Concept B3.1) and then back to eight feet.

Falmouth Selectman Susan L. Moran then expressed her appreciation for the care that had been given to developing this concept, observing that it was much more accessible and efficient than the Authority's previous concepts. Mr. Sayers stated that the staff also planned to apply for a variance from the State Building Code's flood zone requirements so that the elevation of the terminal building can be lower than 13 feet above sea level. Mr. Lamson noted, however, that the Authority would have to consider what additional costs the Authority would incur in order to obtain such a variance, including the likelihood that the building would not be covered by FEMA.

IT WAS VOTED -- upon Ms. Norton's motion, seconded by Mr. Hanover -- to substitute Concept E for Concept B3.1 as the approved "preferred alternative" design concept for the Woods Hole terminal reconstruction feasibility study, as recommended by management in Staff Summary #L-435, dated June 12, 2014.

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

New Vehicle/Passenger Ferry:

Mr. Lamson then reported that the design of the new vehicle/passenger ferry was about 75% complete and that some of the design drawings already had been submitted to the United States Coast Guard's Marine Safety Center for their review and comments. Mr. Lamson also recounted how, after last month's Authority meeting, the staff, along with Elliott Bay Design Group, had met with the Vineyard Haven Harbor Management Committee to review the major design elements of the new vessel, and had shown how the new vessel will be more maneuverable, will have less of a wake, and will be quieter than any of the Authority's other freight vessels (except possibly the *M/V Governor*).

Mr. Walker then gave a presentation to the Members that showed the vessel's current design and how the model testing of the hull had confirmed the vessel's powering and seakeeping characteristics. In particular, Mr. Walker stated that:

- The tank test that was completed by FORCE Technology in Denmark was very successful and proved Elliott Bay's calculations while showing what minor tweaks should be done, particularly to the bulbous bow and the mid-body of the hull to keep the water flow parallel with the hull.

- Only 70% of the vessel's freight deck will be covered with structure.

- The pilot house has been raised for increased visibility.

- When the vessel is operating at 12-½ knots, which is the speed at which the Authority's freight boats currently operate to maintain their operating schedules, the engines will be running at 1,653 horsepower. By contrast, the Authority's other freight boats need to have their engines run at 2,500 horsepower to maintain that speed.

- The vessel will be able to operate at 14 knots, which will enable the Authority to schedule a sailing every hour on the Martha's Vineyard route, while using only 85% of its engine power.

- The vessel's wake is very minimal even when the vessel is operating at 9 knots, unlike the Authority's other freight boats that are essentially barges being pushed through the water.

Mr. Balco then presented the Members with a list of possible names for the new vessel suggested by the vessel naming committee that was formed last month (comprised of Ms. Norton, Mr. Ranney, Mr. Rezendes, Falmouth Port Council member Robert Munier, and Mr. Balco), noting that historically the names of the Authority's vessels have been geographic in nature. Mr. Balco announced that the four suggested names were the *Island Spirit*, the *Quissett*, the *Vineyard Sound* and the *Woods Hole*. Mr. Balco stated that the vessel's name would again be discussed by the Port Council at their meeting next month before the Members hopefully name the vessel at their next meeting that is being held on Martha's Vineyard on July 15, 2014.

Ms. Norton noted that one of her suggestions for the new vessel's name was *Woods Holl*, which was the earlier name of Woods Hole. After none of the Members suggested any additional names for the vessel, Ms. Norton stated that it would be nice for the vessel's name to represent Falmouth.

Mr. Walker then showed an arrangements drawing for the new vessel that depicted ten semi-trailer trucks on the freight deck, and he recounted how the staff, along with Elliott Bay, had conducted a very successful test of the freight deck in Hyannis which demonstrated that ten semi-trailer trucks can be driven through and loaded onto the vessel.

New Modular/Prefabricated Building for the
Authority's Fairhaven Vessel Maintenance Facility:

Mr. Lamson reported that the management staff had prepared a request for proposals (RFP) for a modular/prefabricated building for the Authority's Fairhaven Vessel Maintenance Facility which was currently being reviewed by the Massachusetts Department of Transportation (MassDOT) because part of the estimated $1,750,000 cost of the project will be funded by a $1,133,792 grant from the U.S. Department of Transportation's Ferry Boat Program (FBP). Mr. Lamson stated that, after MassDOT approves the Authority's RFP and related paperwork, the Federal Highway Administration will also review the documents and, assuming it similarly approves them, will issue the Authority a notice to proceed.

Mr. Lamson also asked the Members to ratify a construction oversight agreement with MassDOT regarding the project, observing that it describes the division of work and expenses for the project and also provides that MassDOT will not be responsible for any additional costs associated with the project and that the Authority will provide a clerk of the works to supervise construction.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to ratify the General Manager's execution on behalf of the Authority of the oversight agreement with the Massachusetts Department of Transportation, in the form attached to Staff Summary #L-437, dated June 13, 2014, and to authorize him to take all necessary and appropriate actions to carry out the intent and purposes of that agreement.

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

Thomas B. Landers Road Parking Facility:

Mr. Lamson reported that Green Seal Environmental, Inc. was finalizing the plans and specifications for the Authority's new parking facility at 590 Thomas B. Landers Road in Falmouth, and that the staff expected to issue an invitation for bids for the construction contract by early July so that the contract can be awarded at the Authority's August 19, 2014 meeting and work can begin as soon as the Authority purchases the property in October 2014. In addition, Mr. Lamson said, the staff anticipated awarding one contract for the demolition of the buildings on the property and a second contract for the actual construction of the new parking lot, which he stated should be completed by mid-May 2015.

Observing that the Palmer Avenue Parking Lot Improvements Project had cost the Authority $14,000 for each additional space it created, Mr. Hanover stated that he was wondering what the payback will be for this new parking lot. In response, Mr. Lamson stated that Green Seal had not yet provided a cost estimate for the project. In response to other questions from the Members, Mssrs. Lamson and Walker also stated that, instead of being developed in tiers, the parking lot would have a gradual slope descending approximately 200 feet from west to east, that the swales and bioretention areas which were included in the original plans would not be constructed, and that the parking lot would have approximately 1,900 parking spaces.

Hy-Line's License Request:

Mr. Lamson then asked the Members to authorize him to sign a new three-year license agreement with Hyannis Harbor Tours, Inc. ("Hy-Line") pursuant to which Hy-Line will be given permission to build a second high-speed passenger vessel for service between Hyannis and Nantucket and to retire its traditional ferry, the *Great Point*, starting in 2016. Mr. Lamson noted that the terms and conditions of the proposed license agreement reflect the management staff's recommendations that were approved by the Members at the meeting last month.

IT WAS VOTED -- upon Ms. Norton's motion, seconded by Mr. Ranney -- to authorize the General Manager to execute a new License Agreement with Hyannis Harbor Tours, Inc. ("Hy-Line") in the form attached to Staff Summary #L-434, dated June 9, 2014, and to take all necessary and appropriate actions to carry out the intent and purposes of that License Agreement.

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

2015 Winter and Spring Operating Schedules:

Mr. Lamson then presented the preliminary draft of the staff's proposed 2015 Winter and Spring Vessel Operating Schedules for discussion purposes only, noting that the Members do not have to approve the schedules until their next meeting on July 15, 2014. Mr. Lamson noted that the proposed schedules were virtually the same as the ones the Authority had operated this past year, except that the winter schedule would start four days day later and end one day later than in 2014 (beginning on January 6, 2015 and ending on April 14, 2015) and the spring schedule would end one day later than in 2014 (beginning on April 15, 2015 and ending on May 14, 2015), which meant that the 2015 Summer Schedule also would start one day later than in 2014.

Mr. Lamson further noted that, on the Nantucket route, the staff was proposing to change the departure times for the freight boat to reflect the times that it actually departs (which are also the same departure times as those for the 2014 Summer and Fall Schedules) and, during the winter schedule, make the third daily freight boat trip on Tuesdays and Thursdays available to be booked beginning on April 1, 2015, with that trip on Mondays, Wednesdays and Fridays continuing to be available to operate if necessary but not included on the published schedule. Mr. Lamson observed that this latter change was being proposed in response to a suggestion that had been made at the Port Council meeting earlier this month.

Mr. Lamson also stated that the proposed 2015 Spring Schedule would provide the same service the Authority had provided this past year, including additional freight vessel service on Fridays and Sundays on the Martha's Vineyard route and on Tuesdays, Wednesdays and Thursdays on the Nantucket route in order to meet the demand for vehicle space. Mr. Lamson noted that this additional freight service would again be provided by the *M/V Sankaty*, which would switch back and forth between Woods Hole and Hyannis during the week in order to meet the respective service needs on both routes.

Recognition of Public Officials:

Mr. O'Brien took the opportunity to recognize Nantucket Town Manager C. Elizabeth ("Libby") Gibson in the audience, and Ms. Norton also recognized newly elected Falmouth Selectman Susan L. Moran.

2015 Budget Policy Statement:

Mr. Davis then reviewed management's proposed 2015 Budget Policy Statement setting forth the proposed guidelines that management is to use in the preparation of the Authority's 2015 Operating Budget. Mr. Davis noted that the projected operating revenues will be based on actual traffic statistics for the most recent twelve months (August 2013 through July 2014), and that the proposed Budget Policy Statement would require management, among other things:

- to base the budget on the proposed 2015 Winter and Spring Schedules plus operating schedules for the summer and fall that are similar to this year's operating schedules;

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

- to schedule the vessels that will be dry-docked during 2015 (the *M/V Nantucket*, the *M/V Island Home*, the *M/V Katama* and the *M/V Gay Head*);

- to reflect efficiencies that the Authority expects to gain with the consolidation of the Falmouth area satellite parking lots to the new parking facility off of Thomas B. Landers Road;

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

- to factor in health care and insurance costs.

Mr. Davis also observed that one of the Authority's more significant operating expenses is vessel fuel oil and, as for the past few years, the 2015 Operating Budget will base the budgeted cost of vessel fuel oil on the forecasted price of oil plus the cost of the Authority's hedge program for vessel fuel. In this regard, Mr. Davis noted that the barrel price for crude oil was then trading in the $100-$105 range, while a year ago it was trading in the $90-$100 range.

Mr. Davis observed that the Budget Policy Statement would also require the Authority to maintain sufficient fund balances to meet its scheduled debt service requirements and adequately fund the appropriate transfers to the Authority's Replacement Fund (which should be not less than this year's anticipated transfers of $9,800,000 but no more than the Authority's projected depreciation expense for 2014, which was then estimated to be around $10,250,000). As a last resort, Mr. Davis said, the 2015 Operating Budget will include additional revenues from proposed rate increases if they are needed to cover the projected cost of service.

Mr. Davis stated that, after management prepares a preliminary budget using these guidelines, they will present it to the Members for discussion at their September 2014 meeting, and will then ask that the final version of the budget be approved at the Authority's October 2014 meeting. In response to a question from Ms. Norton, Mr. Davis stated that the "Other Income" in the Authority's projected budget would continue to include revenues from click-through advertising links on its website, and that Ms. McHugh handled that advertising for the Authority.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the 2015 Budget Policy Statement in the form proposed by management and attached to Staff Summary #A-569, dated June 12, 2014.

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

Project Management Services for the New Vehicle/Passenger Ferry:

Mr. Lamson then asked the Members for authorization to enter into a contract with Marine Systems Corporation for project management services during the remaining design phase for the new vehicle/passenger ferry, as well as during the bidding and construction phases for the ferry. Mr. Lamson stated that the services will be provided by Marine Systems' employee, Captain Edward Jackson, who retired from the Authority several years ago after a long and distinguished career as one of the Authority's most respected Captains and who also had served as Project Manager for the construction of the *M/V Island*

Home, the mid-life upgrade of the *M/V Nantucket*, and many other vessel construction projects.

The Members agreed that Captain Jackson was a great choice to be the Authority's representative on this project, and observed that they were glad he was available. However, Mr. O'Brien also suggested that the Authority identify another individual who can assume the role of the Authority's representative on future projects after Captain Jackson retires for the second time.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to enter into a contract with Marine Systems Corporation for the appointment of Edward Jackson as Project Manager for the construction of the Authority's new vehicle/passenger ferry, and to provide project management services for the design, bid and construction phases of that project, as recommended by management in Staff Summary #E-2014-10, dated June 12, 2014.

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

Port Council's Report:

Mr. Rezendes reported that, at their meeting earlier in the month, the Port Council had discussed most of the items that had been on the agenda of today's Authority meeting and that they had voted to recommend approval of management's proposals for the adoption of the 2015 Budget Policy Statement. Mr. Rezendes also reported that the Port Council had asked Mr. Huss to prepare their consolidated performance evaluation of the General Manager and to present it at today's meeting.

Mr. Rezendes further stated that, at their meeting, each Port Council member had provided his own evaluation of the General Manager's performance over the past year and that those individual evaluations were mostly complimentary and extremely favorable. Finally, Mr. Rezendes stated that the Port Council agreed with Mr. Lamson's observation that his performance was directly attributable to the dedication and hard work of his very good staff.

Performance Evaluation of the General Manager:

Mr. Huss provided the Members with a consolidated version of the Port Council's evaluation of Mr. Lamson's performance over the past year, saying that Mr. Lamson had received an 87.5% approval rating with respect to his goals and objectives, a 93.25% approval rating with respect to his elements of management, and a 95% approval rating for his management of the Authority's operations, leaving him with an overall 92% approval rating, which Mr. Huss declared was a good "A" and excellent.

Mr. Huss then recounted some of the comments made by Port Council members in their evaluations, observing that Mr. Lamson's performance had been superb and near perfection, that he had performed an excellent job overall, and that his quiet accomplishment of the needed increase in the Authority's bond limit was particularly of note. In addition, Mr. Huss said, he had done an excellent job in reaching out to Woods Hole residents to ensure that they were heard, had done a superb job in keeping ahead of expectations on all projects, having met or exceeded all of his goals for this past year, fosters confidence by how he handles issues in public, and interacts with the staff very well. Mr. Huss declared that Mr. Lamson is a great General Manager, that he is an effective leader in all of the Authority's areas, and that he continues to lead the Authority in providing exceptional service to the Islands and the traveling public.

Mr. Hanover then stated that he had given Mr. Lamson a 27 out of 28 approval rating with respect to his goals and objectives, a 39 out of 40 approval rating with respect to his elements of management, and a 100% approval rating for his management of the Authority's operations. Mr. Hanover declared that the Authority was very fortunate to have Mr. Lamson, who was managing the Authority better and more effectively than its two previous General Managers.

Mr. Ranney said that he had given Mr. Lamson an overall 96% approval rating and that, while Mr. Lamson was doing a very good job, he felt there always is some room for improvement. Mr. Ranney stated that, in particular, he felt there was some gap between management and the employees, but he noted that this could be worked on and he was very happy with Mr. Lamson's performance.

Ms. Norton stated that, while she had not been a Member long enough to evaluate Mr. Lamson's performance based upon the metrics set forth in the evaluation form, she was able to give her perception of his performance over the last four months and agreed with everyone else. Ms. Norton noted that what was striking in Mr. Lamson's performance was the staff he has around him, who have his same demeanor of being kind and intelligent and who promptly respond to requests for information if they don't immediately know the answers. Ms. Norton stated that the Authority was fortunate to have someone like Mr. Lamson as its General Manager.

Ms. Norton noted that she would like to establish as one of Mr. Lamson's goals over the next two years the development of a really solid five-to-ten year plan. Ms. Norton declared that the Authority really needs a strategic plan of where it is going, how it is going to get there, and what its strategies will be to be successful. However, Ms. Norton stated that she thought Mr. Lamson was doing a terrific job and that he was consistently kind and reasonable when interacting with all of the different people he comes in contact with at the Authority.

Mr. Tierney then stated that he had given Mr. Lamson a 26 out of 28 (or 92.8%) approval rating with respect to his goals and objectives, a 38 out of 40 (or 95%) approval rating with respect to his elements of management, and a 98% approval rating for his management of the Authority's operations, and that when weighted together it resulted in an overall approval rating of 95.2%. Mr. Tierney noted that, while the Authority has a large number of capital improvement projects underway, Mr. Lamson continues to keep his finger on the pulses, his focus on the finances and his eye on the ball.

Mr. O'Brien then stated that he had given Mr. Lamson a 93% approval rating with respect to his goals and objectives, a 97.8% approval rating with respect to his elements of management, and a 99% approval rating for his management of the Authority's operations, and that, while Mr. Lamson was not perfect, he comes very, very close as a manager. Mr. O'Brien declared that the Authority was most fortunate to have a person at the helm possessing his knowledge, interest and unique set of management and operational leadership skills. Mr. O'Brien also noted that one of Mr. Lamson's accomplishments was increasing the Authority's bond limit with absolutely no adverse repercussions, which Mr. O'Brien had thought was an impossible task. Mr. O'Brien stated that for this and all of his other impressive leadership actions over the past year, he considered Mr. Lamson to be truly outstanding in virtually every respect.

Mr. Lamson thanked the Members for their kind words, and observed that the accomplishments of this past year would not have been possible without the staff's dedication and commitment. Mr. Lamson stated that many of them work seven days a week and that he appreciated not only their commitment, but the commitment of all of the Authority's employees who make sacrifices 365 days a year.

Mr. Jones then suggested that the form used for evaluating the General Manager's performance be modified for next year, observing that neither the Members nor the Port Council members were in a position to evaluate all aspects of Mr. Lamson's performance that were included on the current form, such as whether Mr. Lamson reports to work on time.

At approximately 11:13 a.m., Mr. O'Brien entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to the purchase, exchange, lease or value of real property and collective bargaining and non-union personnel contract negotiations may have a detrimental effect on the Authority's negotiating and bargaining positions. Mr. O'Brien announced that these matters included the proposed renewal of restrictive covenants with respect to the Authority's Woods Hole terminal property that the Authority gave in 1967 to the owner of adjacent property located at 21 Juniper Point Road, potential sites for the relation of the Authority's general offices, the Authority's negotiations with the Independent Steamship Authority Workers Union regarding the Authority's unlicensed vessel employees, the proposed July 2014 salary increases for nonunion personnel, the Authority's employment contract with Mr. Lamson, and contract negotiations with Assistant Port Captain Charles Monteiro regarding his retirement benefit under the Authority's previous Retirement Plan for its Licensed Deck Officers. Mr. O'Brien stated that the Members may also conduct contract negotiations with Mr. Lamson in executive session.

After Mr. O'Brien stated that the public disclosure of any more information with respect to these 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. Ranney -- to go into executive session to consider the purchase, exchange, lease or value of real property and to discuss the Authority's strategy with respect to contract negotiations with nonunion personnel and with respect to collective bargaining matters, and to conduct contract negotiations with the General Manager.

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

At approximately 11:44 a.m., the Members reconvened their meeting in public session. Four Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; John A. Tierney of New Bedford; and Robert F. Ranney of Nantucket. Secretary Catherine N. Norton was not present. Port Council Chairman Frank J. Rezendes of Fairhaven, Port Council Vice Chairman Robert R. Jones of Barnstable, and Port Council members Robert V. Huss of Oak Bluffs and George J. Balco of Tisbury were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/ Comptroller Robert B. Davis; Port Captain Charles G. Gifford; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

Proposed Salary Increases for Nonunion Personnel:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the 2014 salary program for the Authority's unrepresented employees, as proposed by management in Staff Summary #HR-14-43, dated May 22, 2014.

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

Contract Negotiations with the General Manager:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to increase Wayne C. Lamson's salary by four percent (4%) effective July 1, 2014.

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

Contract Negotiations with the Assistant Port Captain:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager either:

(a) to authorize the Plan Administrator of the Retirement Plan for the Authority's non-union employees to amend the Plan for the purpose of preserving the late retirement factors that were applied for ages 66 through 68 to the accrued retirement benefits earned by the Authority's licensed deck officers under the Authority's Pension Plan for its Licensed Deck Officers if they left the licensed deck officers' bargaining unit and became participants in the non-union Retirement

Plan prior to October 29, 2013, and to take all necessary and appropriate actions to carry out the intent and purposes of that amendment; or

(b) to pay the Licensed Deck Officers who left the licensed deck officers' bargaining unit and became participants in the non-union Retirement Plan prior to October 29, 2013 the present value of such late retirement factors.

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

Then, at approximately 11:45 a.m., Mr. O'Brien 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. O'Brien	10 %	
Mr. Hanover	35 %	
Mr. Tierney	10 %	
Mr. Ranney	35 %	
TOTAL	90 %	0 %

A TRUE RECORD

CATHERINE N. NORTON, Secretary

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET
STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, June 17, 2014

The Whaling Museum, Discovery Room
15 Broad Street, Nantucket, MA

1. **Agenda**
2. **Minutes of the May 13 and May 28, 2014 Meetings in Public Session**
3. **Business Summary for the Month of April, 2014**
4. **Staff Summary #L-435 dated June 12, 2014 – Approval of Design Concept E as the Preferred Alternative for the Woods Hole Reconstruction Project**
5. **Staff Summary #GM-633 dated June 12, 2014 – Update on the Design and Engineering for the New Passenger/Vehicle Ferry**
6. **List of Suggested Names for the Authority's new Passenger/Vehicle Ferry**
7. **Staff Summary #GM-632 dated June 12, 2014 – Update on the Proposed New Modular Building at the Fairhaven Vessel Maintenance Facility**
8. **Staff Summary #GM-631 dated June 12, 2014 – Update on the Final Design and Engineering for the Thomas B. Landers Road Parking Facility**
9. **Staff Summary #L-434 dated June 12, 2014 – Approval of New License Agreement with Hyannis Harbor Tours, Inc. (Hy-Line) for the Period January 1, 2015 through December 31, 2017**
10. **Staff Summary #RCR 01-14 dated June 11, 2014 – Preliminary Draft of Proposed 2015 Winter and Spring Operating Schedules**
11. **Staff Summary #A-569 dated June 12, 2014 – Approval of Proposed 2015 Budget Policy Statement**
12. **Staff Summary #E2014-10 dated June 12, 2014 – Approval of Proposal for Project Management Services from Marine Systems Corporation during the Design, Bid and Construction Phases for the New Passenger/Vehicle Ferry**
13. **June 4, 2014 Port Council Minutes**

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

July 15, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 15th day of July, 2014, beginning at 9:30 a.m., in the Katharine Cornell Theatre of the Tisbury Town Hall, located at 51 Spring Street, Vineyard Haven, Massachusetts. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth (who participated remotely by telephone conference call); John A. Tierney of New Bedford (who also participated remotely by telephone conference call); and Robert F. Ranney of Nantucket.

Port Council Vice Chairman Robert R. Jones of Barnstable, and Port Council members Robert V. Huss of Oak Bluffs and George J. Balco of Tisbury 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 Marketing Kimberlee McHugh; Director of Engineering and Maintenance Carl R. Walker; Oak Bluffs Terminal Manager Bridget Tobin; Reservations and Community Relations Manager Gina L. Barboza; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

<u>Ms. Norton's and Mr. Tierney's Remote Participation in the Meeting</u>:

Mr. O'Brien began the meeting by announcing that he had been notified by Ms. Norton and Mr. Tierney that they desired to participate remotely in this meeting because their geographic distance from Vineyard Haven made their physical attendance today unreasonably difficult. Mr. O'Brien stated that he agreed with them and that, as the Authority's Chairman, he had determined that the physical attendance of Ms. Norton and Mr. Tierney was unreasonably difficult due to their geographic distance from Vineyard Haven and that, therefore, they may participate remotely in this meeting, which included voting on all matters as well. Mr. O'Brien noted that they would be doing so by a conference telephone call that enabled them to be clearly audible to the other Members and for each of the other Members to be clearly audible to them.

Mr. O'Brien also announced that, as a result of the remote participation in this meeting by Ms. Norton and Mr. Tierney, all votes taken by the Members today shall be by roll call vote.

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 17, 2014.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for May 2014, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried more passengers (up 2.6%), more automobiles (up 2.9%) and more trucks (up 0.8%) during the month than it had carried during the same month in 2013. Mr. Lamson also reported that the Authority's operating revenues and other income were $156,000 higher in May 2014 than projected, and that its operating expenses and fixed charges were $601,000 lower than budgeted. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $1,936,000, approximately $758,000 higher than projected.

Mr. Lamson further reported that, for the first five months of 2014, the Authority's operating revenues and other income had been around $532,000 higher than projected, and its operating expenses and fixed charges had been around $1,173,000 lower than budgeted. Mr. Lamson stated that some of this variance was due to lower-than-expected overhaul expenses for certain vessels this past spring, while another portion of the variance was a timing issue due to postponing dolphin repairs at the Vineyard Haven terminal, which were estimated to cost around $327,000, until the fall. In addition, Mr. Lamson noted that the Authority's vessel fuel expense had been $196,000 lower than budgeted due to fewer gallons consumed (primarily as a result of cancelled trips) and a slightly lower cost per gallon than the price that had been projected in the Authority's 2014 operating budget.

As a result, Mr. Lamson said, the Authority's net operating loss for the first five months of 2014 had been $9,046,000, approximately $1,704,000 lower than the amount projected in the Authority's 2014 operating budget. Finally, Mr. Lamson reported that this lower-than-expected operating loss, combined with the reimbursement from FEMA for the repairs the Authority had made to the Oak Bluffs dock after it had been damaged by Hurricane Sandy, had allowed the Authority to transfer more than $2,900,000 to special purpose funds sooner than projected in the Authority's cash budget.

In response to a question from Mr. O'Brien, Mr. Davis stated that the management staff was looking into the possibility of refunding a series of Steamship Bonds that had been issued in 2004 to finance the construction of the *M/V Island Home*, and that refunding those bonds might save the Authority up to $2,000,000 over their remaining life.

New Vehicle/Passenger Ferry:

Mr. Lamson reported that the management staff had met with Elliott Bay Design Group, LLC, last week to review the progress of the design and overall project schedule for the Authority's new passenger/vehicle ferry, and that the design work was approximately 95% complete. Indeed, Mr. Lamson said, some of the design drawings already had been submitted to the United States Coast Guard's Marine Safety Center for their review and comments and, also last week, the staff and Elliott Bay had met with local Coast Guard inspection officials to review some of the plans and drawings and to discuss the proposed evacuation plan with the proposed mass evacuation slide system.

Mr. Lamson further reported that Elliott Bay's design work was expected to be completed by the end of July and that the staff will then have a few weeks to complete their review before the entire design package is submitted to the Coast Guard's Marine Safety Center at the end of August for their review and approval. Mr. Lamson stated that the Authority will then issue an invitation for bids for the construction of the vessel in September with an initial deadline for the submission of bids sometime in November so that the Members can award a contract at their December meeting, and that the anticipated date for the delivery of the new vessel to Fairhaven is in April 2016, where the vessel familiarization training and drills will be conducted. Mr. Lamson also reported that Elliott Bay's current construction cost estimate for the new vessel was $43,000,000, which included a $4,000,000 allowance for contingencies.

In response to a question from Ms. Norton, Mr. Lamson stated that the Authority would be conducting a drill with the new evacuation slide system in Fairhaven rather than in the shipyard so that it can be performed with the Authority's own employees. Mr. Lamson stated that the purpose of the drill will be to demonstrate that the system can evacuate up to 384 passengers within 30 minutes, and that the Authority will do so by evacuating around 50 to 60 of its own employees at a pace that would allow all 384 passengers to be evacuated within that time period. Messrs. Lamson and Walker stated that the slide system will be similar to the one on the *M/V Island Home*, but that passengers will get on the slide from the freight deck instead of the higher passenger deck.

Mr. Walker then gave a presentation to the Members that showed the vessel's current design and how the model testing of the hull had confirmed the vessel's powering and seakeeping characteristics. In particular, Mr. Walker presented:

- Renderings of the vessel from port forward and aft starboard, as well as its outboard profile.

- Results of the tank tests of the model by FORCE Technology in Denmark that confirmed and improved the results of analytic estimates of the vessel's powering and seakeeping characteristics, by both towing the model and having the model sail under its own power.

- Reports showing that, when the vessel is operating at 14 knots, the engines will be running at less than 2,500 horsepower. Mr. Walker noted that the vessel can also operate at 16 knots in order to regain its operating schedule after an extended delay.

- Photographs showing that the vessel's wake is very minimal even when the vessel is operating at 9 knots. Mr. Walker noted that this is the speed at which the Authority's Captains have said they enter the outer Vineyard Haven harbor.

- Drawings of the vessel's Hole Arrangements, Freight Deck Arrangements, 01 Deck Arrangements, 02 Deck Arrangements, and 03 and Pilot House Deck Arrangements.

- The Project Schedule.

In response to a question from Mr. Hanover, Mr. Walker stated that there will be electrical outlets in the vessel everywhere there is a bench or bulkhead. Mr. Walker also stated that he had talked with a few yards and this appeared to be an opportune time to go out to bid, as vessel construction business was slowing up. Mr. Walker noted that Eastern Shipbuilding Group was ready for the Authority's invitation for bids and he said that he thought the Authority will probably receive four or five bids.

John ("Jay") M. Wilbur III observed that he had been in Vineyard Haven harbor since 1966 and when the Authority first had presented this new vessel the emphasis was on cost. Mr. Wilbur noted that the Authority's net operating income for the first five months of 2014 was a couple of million dollars higher than budgeted, and he asked whether that surplus could be applied to make the vessel a double-ender instead of a single-ender. In response, Mr. Lamson noted that the Authority was still facing substantial other expenses, such as the cost of reconstructing the Woods Hole terminal, and he noted that the new vessel was originally estimated to cost only $35,000,000. Further, Mr. Lamson said, a double-ender would cost a lot more than a few million dollars.

Mr. Wilbur then asked if the Authority had thought about locating its administrative offices on Martha's Vineyard, noting how some island residents have long advocated for such a move. In response, Mr. Hanover observed that the Authority's staff needed access not only to the terminals on the Martha's Vineyard route, but also to the terminals on the Nantucket route, which meant that the administrative offices will probably be on the mainland so that the staff can have access to both Woods Hole and Hyannis. Mr. Lamson also noted that the Authority does have a number of employees on Martha's Vineyard, not only at the Vineyard Haven and Oak Bluffs terminals, but also at the reservetions office at the Martha's Vineyard Airport.

Mr. Wilbur then asked why the new vessel's wake will be so much less than the wake of the *M/V Martha's Vineyard*. In response, Mr. Walker stated that the new vessel's hull is not the same as the *M/V Martha's Vineyard's* hull, but a modification of that hull that was designed through computer software and validated.

In response to other questions from Mr. Wilbur, Mr. Walker stated that the new vessel, which will be 235 feet long, will be smaller than the *M/V Island Home*, which is 255 feet long, and that it will carry five to ten more cars than the *M/V Governor*. Mr. Lamson also stated that the Authority installed new engines in the *M/V Governor* for better reliability and that, if the Authority cannot sell the *M/V Governor* with the engines intact at a price that reflects the value of those engines, it will scrap the vessel and use the engines to repower the *M/V Sankaty*.

Mr. Wilbur then expressed his concern that the new vessel's engines will be working at around 50% of their total horsepower capacity, when he has learned over the years that it is better to work most diesel engines at 85% of their horsepower capacity. In response, Mr. Walker stated that there will be no detrimental effect on the engines by running them at 50% of their horsepower capacity.

Tisbury Town Administrator John ("Jay") W. Grande then noted that the Harbor Management Committee had sent a letter to the Tisbury Selectmen in which they raised concerns about the new vessel not being a double-ender, and he wanted to make certain that the Authority was aware of that letter. In response, Mr. Lamson stated that, although he had not seen the letter, he was aware of it. Mr. Lamson also noted that the Authority had been publicly discussing this vessel replacement for well over a year and that one of those discussions had taken place in July 2013 in this very room. Mr. Hanover also stated that, while he understands the committee's views, the new vessel will have to operate on the Nantucket route as well as the Martha's Vineyard route and he felt that the selectmen understand this. Further, Mr. Hanover said, the Authority had done its best to keep the new vessel's wake and noise levels low.

Mr. Grande then noted that the committee's letter referred to the Town's waterways regulations, but Mr. Wilbur acknowledged that the Authority was not legally required to comply with those regulations. Tisbury Selectman Melinda F. Loberg declared that, while she loved the *M/V Governor*, she understood the Authority's need for a boat that has to turn around. Nevertheless, Ms. Loberg stated that one side of the Authority's Vineyard Haven terminal had to be dredged on an emergency basis due to the turning of its other vessels and that the other side of the terminal is also shoaling and needs to be dredged.

Ms. Loberg then expressed her concern that the new vessel will be able to carry more passengers than the *M/V Governor*, saying that this will result in more people driving to the terminal to pick up and drop off those passengers, and she asked how those traffic problems could be better addressed. In response, Messrs. Hanover and Lamson noted that the new vessel will operate on the same schedule as the *M/V Governor* does now, following one of the Authority's larger passenger/vehicle ferries, and that its trips will not appear on any of the Authority's published schedules.

Selection of the New Vehicle/Passenger Ferry's Name:

At Mr. O'Brien's request, Mr. Jones recounted how, at their meeting last week the Port Council had discussed possible names for the Authority's new vehicle/passenger ferry and had ultimately arrived at a consensus that their two preferred names were "Woods Hole" and "Quissett." Ms. Norton then moved that the Authority named the new vessel the "Woods Hole," declaring that it would be nice to have a vessel named for its home port, especially when so many things are going to be taking place there over the next few years. While Ms. Norton noted that she also liked the name "Quissett," she said that the Authority should follow the advice that Mr. Ranney previously had given about not giving the boat a name that people will make fun of, and she stated that she could anticipate people saying, "You are going to miss it in Quissett."

After Mr. Hanover seconded Ms. Norton's motion, Mr. Ranney stated that he agreed with everything Ms. Norton had said. Mr. Ranney also noted that the Authority historically had favored the islands when naming its boats and that it had never named a boat after Woods Hole, declaring that maybe it is finally time for the Authority to have a "Woods Hole." After Mr. O'Brien stated that he similarly agreed that the vessel should be named the "Woods Hole," Mr. Tierney commented that he similarly preferred that name over others that had been suggested, such as "Island Spirit," which he said sounded more like the name of a liquor store.

IT WAS VOTED -- upon Ms. Norton's motion, seconded by Mr. Hanover -- to name the Authority's new vehicle/ passenger ferry the "Woods Hole."

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

New Modular/Prefabricated Building for the
Authority's Fairhaven Vessel Maintenance Facility:

Mr. Lamson reported that the Authority's request for proposals for the new modular building at its Fairhaven Vessel Maintenance Facility had been approved by the Massachusetts Department of Transportation (MassDOT) but was still being reviewed by the Federal Highway Administration. Mr. Lamson stated that, once that review is completed, MassDOT will issue the Authority a notice to proceed so that the contract can be advertised in the Central Register and local newspapers. Mr. Lamson noted that the Federal Highway Administration was reviewing the project because part of its estimated $1,750,000 cost was being funded by a $1,133,792 grant from the U.S. Department of Transportation's Ferry Boat Program (FBP). Mr. Lamson also stated that he had hoped to be able to report at this meeting that the Authority had received all necessary state and federal approvals for the project, but he recently had been informed that one more sign-off was needed for the project because it is located in the vicinity of a Superfund site, namely, the New Bedford harbor, even though this project is set back from the water and will not affect the harbor in any way.

Thomas B. Landers Road Parking Facility:

Mr. Lamson reported that Green Seal Environmental, Inc. had finalized the plans and specifications for the Authority's new consolidated parking lot off of Thomas B. Landers Road and that the Authority will be issuing an invitation for bids later this week for the construction of the lot so that the construction contract can be awarded by the Member at their August meeting. Mr. Lamson noted that two separate contracts will be awarded, one for the demolition of the buildings that are currently on the site, and another one for the construction of the new parking lot, which is expected to be completed by June 15, 2015.

Mr. Lamson stated that Green Seal's latest construction cost estimate (at 100% design and with a 10% allowance for contingencies) was in the range of $5,800,000 to $6,800,000, not including the cost of the modular office building that will be located there, as well as the automated parking lot equipment, security cameras and the demolition of the existing buildings. Mr. Lamson noted that the cost of those additional items will probably bring the overall cost of the project to around $7,000,000. However, Mr. Lamson also noted that the revised design of the parking lot, which will have a porous pavement surface, had increased the lot's capacity from around 1,600 spaces to nearly 1,900 spaces, approximately the same number of spaces as are in the Gifford Street parking lot, the Sun parking lot, and the Cataumet parking lot combined.

In response to a question from Mr. O'Brien, Mr. Lamson stated that he did not believe there would be any maintenance issues with respect to the porous asphalt, noting that such concerns usually arise when there is heavy traffic on the pavement or it is sanded because of snow and ice. In this regard, Mr. Lamson noted that, because the Authority recently had added parking spaces at its Palmer Avenue parking lot, it probably will not be using the new lot during the off-season (November through April) except possibly during a few holiday weekends, so there will be no need to sand the lot for snow and ice. While Mr. Lamson acknowledged that the porous pavement will require some regular maintenance with a vacuum truck once a month or so, he stated that with such maintenance it should last twenty to thirty years.

Mr. Lamson also observed that the Authority will not be able to provide the contractor with a notice to proceed until it owns the property, and that the closing was not scheduled until October 2, 2014. Mr. Lamson noted that the project's completion date will be June 15, 2015 and, accordingly, the Authority might not be able to use the lot over the 2015 Memorial Day weekend. In response to a question from Mr. Hanover, Mr. Lamson stated that the Authority was not issuing an invitation for bids for the porous asphalt and a separate invitation for bids for the other work; rather, Mr. Lamson said, the entire construction of the parking lot will be under one contract. Mr. Lamson stated that because only around one third of the project's cost is attributable to the asphalt, other bidders still have a chance to be awarded the contract even if Lawrence-Lynch Corp. is the source of the asphalt.

Ms. Norton stated that it was terrific that the Authority will be combining three of its off-site parking lots into the new consolidated lot, but she asked whether the current owner of the property will really vacate it by October 2, 2014. In response, Mr. Lamson stated that the owner is indeed planning to vacate the property by that time and that the current operator on the property was closing its business by the end of this month so that next month it can remove the largest building from the site to another location. Mr. Lamson noted that the Authority will then be responsible for removing the other buildings that will be left on the site.

2015 Winter and Spring Operating Schedules:

Mr. Lamson then asked the Members to approve management's proposed 2015 Winter and Spring Operating Schedules, which he said were the same as the preliminary versions that had been presented last month. Mr. Lamson also noted that the proposed schedules also are virtually the same as the ones the Authority had operated this past year, except that the winter schedule will start four days day later and end one day later than in 2014 (beginning on January 6, 2015 and ending on April 14, 2015) and the spring schedule will end one day later than in 2014 (beginning on April 15, 2015 and ending on May 14, 2015), which means that the 2015 Summer Schedule also will start one day later than in 2014.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the Authority's 2015 Winter and Spring Operating Schedules, as recommended by management in Staff Summary #RCR 01-14, dated July 10, 2014.

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

Renewal of Private Ferry Operators' License Agreements:

Mr. Lamson stated that, at next month's meeting, the management staff will be presenting their recommendation as to whether the Authority's license agreements with Freedom Cruise Line, Inc. and Cape and Islands Transport, Inc. should be renewed, noting that the agreements will automatically renew for three more years unless one of the parties otherwise notifies the other by August 31, 2014. Mr. Lamson also stated that, at the same meeting, the staff will present their recommendation as to whether the Authority's license agreement with SeaStreak Martha's Vineyard, LLC, similarly should be renewed for another three-year term. In this regard, Mr. Lamson stated that he expected that the staff will recommend the renewal of all three license agreements without any material changes.

In response to a question from Mr. Hanover, Mr. Lamson stated that he had looked at whether there should be any adjustments in any of the private ferry operators' license fees, and had concluded that no adjustments were needed at this time because the amounts were still reasonable. In response to a question from Ms. Norton, Mr. Lamson stated that SeaStreak appeared to be doing well this year, given that its passenger traffic through June 2014 had increased by 3.9% over the previous year and had increased 10.3% during the month of June alone.

Treasurer's Report:

Mr. Davis reported that the Authority had carried more passengers (up 2.9%), more automobiles (up 1.9%) and more trucks (up 4.3%) during the month of June 2014 than it had carried during the same month in 2013, and that, for the first six months of the year, passenger traffic had increased by 2.1%, automobile traffic had increased by 2.3%, and truck traffic had increased by 3.1%. Mr. Davis also reported that the Authority's net operating income for the month of June 2014 was expected to be around $3,350,000, around $500 higher than what was budgeted for them. Mr. Davis stated that the Authority's revenues were expected to be $281,000 higher in June 2014 than projected, and that the Authority's expenses were expected to be $305,000 higher than budgeted, with higher maintenance expenses and health claims more than offsetting a decrease in vessel fuel oil costs. As a result, Mr. Davis said, the Authority's net operating loss for the first six months of the year was expected to be around $5,692,000, approximately $1,700,000 lower than projected.

Mr. Davis also reported that, for the ten-day period encompassing both weekends surrounding Independence Day, the Authority had carried more passengers (up 0.6%), automobiles (up 2.0%) and trucks (up 3.1%) on the Martha's Vineyard route, and fewer passengers (down 1.6%), more automobiles (up 1.8%) and more trucks (up 1.1%) on the Nantucket route than it had carried during the same ten-day period in 2013, which he felt was not bad considering the timing of Hurricane Arthur this year.

M/V Sankaty Dry-Dock and Overhaul Services Contract:

Mr. Lamson then asked the Members to award Contract No. 12-14 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 $452,760. Mr. Lamson noted that the Authority had received four bids for the contract, which had been budgeted to cost $447,700.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract No. 12-14 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 $452,760, as recommended by management in Staff Summary #E 2014-11, dated July 9, 2014.

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

Port Council's Report:

Mr. Jones reported that, at their meeting earlier in the month, the Port Council had met with Brian King of Elliott Bay Design Group, LLC, and discussed the design of the Authority's new vehicle/passenger ferry, noting that the hull was as good as it gets, that the vessel will have an extremely shallow wake at 9 knots, and that the tonnage admeasurement services for the vessel will be procured directly by the Authority. Mr. Jones also reported that the Port Council had discussed the preferred alternative for the reconstructed Woods Hole terminal – the so-called "Concept E" – and the naming of the new vessel, as well as the status of the Authority's license agreements with the private ferry operators.

Mr. Jones reported that the Port Council also had discussed Ms. Norton's suggestion that Mr. Lamson's goals for this year include the development of a five-year or ten-year strategic plan. Mr. Jones stated that the Port Council observed that the Authority already has six-year operating and capital plans in places, as well as a survey of its vessels that need to be replaced, so they did not feel that an additional five-to-ten year strategic plan would be of any major use. Mr. O'Brien stated that he agreed with the Port Council and that generally he did not feel it was possible to plan for events that are beyond five years in the future.

General Manager's Goals and Objectives:

Mr. Lamson then reviewed the goals he had proposed for himself, as set forth in a document he had provided the Members, dated July 10, 2014. In response, all of the Members stated that the goals reflected a very busy year ahead. In response to a question from Mr. Hanover, Mr. Lamson stated that the Authority currently leases property for 750 parking spaces from the Barnstable Municipal Airport Commission and that it might be difficult to find another suitable location in Hyannis for customer parking if the Commission were to need the property for the expansion of airport-related functions. Also in response to a question from Mr. Hanover, Mr. Lamson stated that the Authority does have a computerized maintenance program, but it still had to utilize it effectively. In this regard, Mr. Lamson stated that the Authority has hired someone to oversee maintenance planning, but that the Authority still need to get the Senior Captains and Senior Chief Engineers more involved in the process.

Ms. Norton observed that the list of things for Mr. Lamson to do this year was enormous and said that she had only suggested that the Authority develop a strategic plan because the Authority was missing a long-term vision about what the Authority is. Ms. Norton stated that she felt the Authority should create a committee and invite other interested parties, such as the airport commissions, to find out what people think about the Authority and how the islands should be served. Ms. Norton noted that the Authority needs to be there for the islands rain or shine and that the Members have to make certain that the Authority survives. Ms. Norton stated that this is why she would like to see a long-range vision, but that it did not need to be developed this year.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to approve the General Manager's Goals for the year July 1, 2014 through June 30, 2015 as proposed by the General Manager in a list dated July 10, 2014.

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

Public Comment:

In response to a question from *The Martha's Vineyard Times* reporter Nathaniel Horwitz, Mr. Lamson stated that customers generally cannot book reservations for vehicles spaces on the *M/V Island Home's* lift decks because the Authority may need that extra capacity in the event there are trip delays or cancellations. Mr. Lamson also noted that the lift decks are used on standby days to carry customers' vehicles that otherwise might be left behind.

At approximately 10:52 a.m., Mr. O'Brien entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to the purchase, exchange, lease or value of real property, and litigation and collective bargaining matters may have a detrimental effect on the Authority's litigating and bargaining positions. Mr. O'Brien announced that these matters included potential sites for the relocation of the Authority's general offices, the renewal of the lease for property owned by the Woodland Trust at 1251 Route 28A in Cataumet, the maritime asbestos cases against the Authority and other shipowners, which are commonly referred to as the MARDOC cases, and the Authority's negotiations with the certified collective bargaining representative for the Authority's unlicensed vessel employees.

After Mr. O'Brien stated that the public disclosure of any more information with respect to these 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 consider the purchase, exchange, lease or value of real property and to discuss the Authority's strategy with respect to litigation and collective bargaining matters.

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

A TRUE RECORD

CATHERINE N. NORTON, Secretary

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, July 15, 2014

Katharine Cornell Theatre, Tisbury Town Hall
51 Spring Street, Vineyard Haven, MA

1. **Agenda**

2. **Minutes of the June 17, 2014 Meeting in Public Session**

3. **Business Summary for the Month of May, 2014**

4. **Staff Summary #GM-634 dated July 10, 2014 – Update on the Design and Engineering for the New Passenger/Vehicle Ferry**

5. **Memorandum from George J. Balco dated June 17, 2014 – Selection of Name for the Authority's New Passenger/Vehicle Ferry**

6 **Staff Summary #GM-636 dated July 10, 2014 – Update on the Final Design and Engineering for the Thomas B. Landers Road Parking Facility**

7. **Staff Summary #RCR 01-14 dated July 10, 2014 – Approval of the Proposed 2015 Winter and Spring Operating Schedules**

8. **Staff Summary #GM-637 dated July 10, 20145 - Status of License Agreements with Private Carriers**

9. **Staff Summary #TPF 2014-3 dated July 11, 2014 – Request for Authorization to Apply for a Grant to Pay for the Conversion of Two Diesel Shuttle Buses to Electric Vehicles**

10. **Staff Summary #E2014-11 dated July 9,2014 – Contract No. 12-14 "Dry-Dock And Overhaul Services for the M/V Sankaty**

11. **List of General Manager's Proposed Goals for the Year July 1, 2014 through June 30, 2015**

13. **PowerPoint Presentation by Carl Walker: New Passenger/Ferry Design & Development Update**

14. **June 4, 2014 Port Council Minutes**

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

August 19, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 19th day of August, 2014, beginning at 9:30 a.m., in the second floor meeting room of the Authority's Hyannis terminal, located at 141 School Street, Hyannis, Massachusetts. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth (who participated remotely by telephone conference call); John A. Tierney of New Bedford (who also participated remotely by telephone conference call); and Robert F. Ranney of Nantucket.

Port Council Vice Chairman Robert R. Jones of Barnstable, and Port Council members Robert V. Huss of Oak Bluffs and George J. Balco of Tisbury 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 Marketing Kimberlee McHugh; Director of Engineering and Maintenance Carl R. Walker; Hyannis Terminal Manager Steven Perkins; Reservations and Community Relations Manager Gina L. Barboza; Director of Information Technologies Mary T.H. Claffey; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

<u>Ms. Norton's and Mr. Tierney's Remote Participation in the Meeting</u>:

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

Mr. O'Brien also announced that, as a result of the remote participation in this meeting by Ms. Norton and Mr. Tierney, all votes taken by the Members today shall be by roll call vote.

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 July 15, 2014.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for June 2014, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried more passengers (up 2.9%), more automobiles (up 1.9%) and more trucks (up 4.3%) during the month than it had carried during the same month in 2013. Mr. Lamson also reported that the Authority's operating revenues and other income were $398,000 higher in June 2014 than projected, and that its operating expenses and fixed charges were $210,000 higher than budgeted. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $3,541,000, approximately $187,000 higher than projected.

Mr. Lamson further reported that, for the first six months of 2014, the Authority's operating revenues and other income had been around $929,000 higher than projected, and its operating expenses and fixed charges had been around $962,000 lower than budgeted. Mr. Lamson stated that some of this variance was a timing issue due to postponing dolphin repairs at the Vineyard

Haven terminal, which were estimated to cost around $327,000, until the fall. In addition, Mr. Lamson noted that the Authority's vessel fuel expense had been $288,000 lower than budgeted due to fewer gallons consumed and a slightly lower cost per gallon than the price that had been projected in the Authority's 2014 operating budget.

As a result, Mr. Lamson said, the Authority's net operating loss for the first six months of 2014 had been $5,505,000, approximately $1,892,000 lower than the amount projected in the Authority's 2014 operating budget. Finally, Mr. Lamson reported that the Authority's cash position at the end of June 2014 was ahead of its cash budget projections for the first six months of 2014, which he said will eventually translate into additional cash transfers during the year to the Authority's special purpose funds.

Design and Engineering of the M/V Woods Hole:

Mr. Lamson reported that Elliott Bay Design Group, LLC had substantially completed the design and engineering for the Authority's new passenger/ vehicle ferry, the *M/V Woods Hole*, and that the management staff was then reviewing the final drawings and specifications so that Elliott Bay can submit the full design package to the United States Coast Guard's Marine Safety Center by the end of the month. Mr. Lamson stated that the Authority will then issue an invitation for bids for the construction of the vessel in mid-September with an initial deadline for the submission of bids sometime in mid-November so the Members can award a contract at their meeting on December 16, 2014. Mr. Lamson also stated that the estimated construction period will be about 15 months, so the new vessel is expected to be delivered to Fairhaven in April 2016, and that Elliott Bay's construction cost estimate for the vessel at this stage of development was $41,000,000, including a $2,500,000 allowance for contingencies.

In response to a question from Mr. Hanover, Mr. Walker stated that the timing of the Authority's invitation for bids was looking favorable in terms of receiving good prices from shipyards located on the coast of the Gulf of Mexico. Mr. Walker noted that, based upon information he had received not only from the shipyards themselves, but also from his wife's cousin who works in that area, the shipyards were beginning to experience a slowdown of work.

New Modular/Prefabricated Building for the
Authority's Fairhaven Vessel Maintenance Facility:

Mr. Lamson then reported that, earlier this month, the Massachusetts Department of Transportation had authorized the Authority to issue its request for proposals ("RFP") for the new modular building at the Authority's Fairhaven Vessel Maintenance Facility, and that the Authority already had advertised the RFP in the Central Register and local newspapers. As a result, Mr. Lamson said, the deadline for submitting proposals in response to the RFP is September 15, 2014. Mr. Lamson stated that the staff will then review the proposals so the Members will hopefully be in a position to award the contract at their following meeting on September 23, 2014.

60 School Street, Hyannis:

Mr. Lamson then reported that the site improvements to the Authority's property at 60 School Street in Hyannis were almost complete, that the paving of the driveway through the property from School Street to the Authority's Lewis Bay Road parking lot has been finished, and that the gate and fencing have been installed. However, Mr. Lamson said, the Authority was waiting until next month to finish the property's landscaping, and that there was a back order for the lights. In response to a question from Mr. Jones, Mr. Walker stated that the Authority similarly was waiting until mid-September to hydroseed the property.

In response to a question from Ms. Norton, Mr. Lamson stated that the landscaping for the Authority's Palmer Avenue parking lot is not yet finished. Mr. Lamson stated that the contractor had fallen behind schedule in the spring and, as a result, the Authority had asked the contractor to hold off and complete the landscaping in the fall.

2015 Spring Operating Schedule:

Mr. Lamson then reported that the staff had discovered an error in their proposed 2015 Spring Operating Schedule for the Martha's Vineyard route which the Members had approved the prior month. Specifically, Mr. Lamson said, the last round trip of the *M/V Martha's Vineyard* (leaving Vineyard Haven at 8:30 p.m. and then returning from Woods Hole at 9:45 p.m. with a final arrival at Vineyard Haven at 10:30 p.m.) had been shown as operating seven days a week during that schedule (April 15, 2015 through May 14, 2015), when it should have been shown as operating only on Fridays, Saturdays, Sundays and holidays during that period. Therefore, Mr. Lamson asked the Members to approve the staff's proposed correction of the error.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Hanover -- to approve the revised 2015 Spring Operating Schedule for the Martha's Vineyard route during the period of April 15, 2015 through May 14, 2015, as recommended by management in Staff Summary #RCR 03-14, dated August 13, 2014.

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

Preliminary 2015 Summer and Fall Operating Schedules:

Mr. Lamson then presented the staff's preliminary draft of the proposed 2015 Summer and Fall Operating Schedules, which he noted were being presented today for discussion purposes only and that the schedules, with whatever revisions might be made to them, do not need to be approved by the Members until their next meeting on September 23, 2014. Mr. Lamson also noted that the schedules as currently proposed for the Martha's Vineyard route do not differ from this year's schedules. However, Mr. Lamson said, there are some proposed changes to the schedules for the Nantucket route, including changing the departure times for the *M/V Gay Head* so that it leaves 15 minutes earlier throughout the day from May 15 through September 17, 2015, resulting in its first daily departure from Hyannis being at 5:30 a.m., and that this change was being proposed to relieve congestion both in the Nantucket channel and at the Hyannis terminal.

Mr. Lamson also stated that the staff was proposing to add a second freight boat, the *M/V Sankaty*, on the Nantucket route again after Labor Day, when the *M/V Nantucket* is taken out of line service, through September 17, 2015. Mr. Lamson noted that a suggestion had been made at the Port Council meeting to consider substituting the *M/V Sankaty* for the *M/V Nantucket* even before Labor Day, but that this year every vehicle space on every ferry traveling from Nantucket already was sold out through the Tuesday following Labor Day, so making that substitution earlier would just reduce the overall number of spaces available.

Renewal of Private Ferry Operators' License Agreements:

Mr. Lamson advised the Members that the Authority's license agreement with Freedom Cruise Line, Inc., which operates the *M/V Freedom* between Harwichport and Nantucket, as well as the Authority's license agreement with Cape and Islands Transport, Inc., which operates the *M/V Pied Piper* between Falmouth and Edgartown, will automatically renew for another three-year term unless one of the parties to the agreement notifies the other by August 31, 2014 of its desire to terminate or change the agreement. Mr. Lamson stated that the staff was not aware of any issues with respect to either ferry service that would cause the Authority to want to terminate or change either of the agreements and that, in the staff's opinion, the amount of license fees being paid by those two ferry operators were appropriate for the service they are providing. Therefore, Mr. Lamson said, the staff intended to allow both license agreements to renew automatically through the end of the 2017 summer season, although he noted that, at that time, the Members would have to approve any subsequent renewal.

Treasurer's Report:

Mr. Davis reported that the Authority had carried more passengers (up 1.0%), more automobiles (up 1.2%) and more trucks (up 0.3%) during the month of July 2014 than it had carried during the same month in 2013, and that, for the first seven months of the year, passenger traffic had increased by 1.7%, automobile traffic had increased by 2.0%, and truck traffic had increased by 2.7%. Mr. Davis also reported that the Authority's net operating income for the month of July 2014 was expected to be around $6,600,000, around $25,000 lower than what was budgeted for the month. Mr. Davis stated that the Authority's revenues were expected to be $70,000 lower in July 2014 than projected, and that the Authority's expenses were expected to be $35,000 lower than budgeted, with higher maintenance expenses and health claims being offset by a decrease in vessel fuel oil costs. As a result, Mr. Davis said, the Authority's net operating income for the first seven months of the year was expected to be around $1,100,000, approximately $1,850,000 higher than projected.

Thomas B. Landers Road Parking Facility Construction Contract:

Mr. Lamson then asked the Members to award Contract No. 09-14 for the construction of the Thomas B. Landers Road Parking Facility to Lawrence-Lynch Corp. of Falmouth, Massachusetts, the lowest eligible and responsible bidder for the contract, for the total contract price of $5,175,175. Mr. Lamson noted that, last week, he also had awarded another contract for the demolition of the buildings that are currently on that site to Jay-Mor Enterprises, Inc. of Pelham, New Hampshire, the lowest eligible and responsible bidder for that contract, for the total contract price of $23,800. Mr. Lamson stated that work under both contracts was scheduled to begin immediately after the Authority completes its purchase of the property on October 2, 2014, and that the construction of the new parking lot was expected to be completed by June 15, 2015. Mr. Lamson also stated that, over the next few months, the Authority will be awarding additional contracts for the modular office building that will be located there, the automated parking lot equipment, and security cameras, all of which may cost an additional $700,000.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract No. 09-14 for the Construction of the Thomas B. Landers Road Parking Facility to the lowest eligible and responsible bidder for the contract, Lawrence-Lynch Corp. of Falmouth, Massachusetts, for a Total Contract Price of $5,175,175, as recommended by management in Staff Summary #E 2014-15, dated August 13, 2014.

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

Port Council's Report:

Mr. Jones reported that, at their meeting earlier in the month, the Port Council had discussed the bidding schedule for the construction of the new *M/V Woods Hole*, the letter the Authority had received about the vessel from the Tisbury Board of Selectmen, the staff's preliminary versions of the 2015 Summer and Fall Operating Schedules, and the automatic renewal of the license agreements for the *M/V Freedom* and the *M/V Pied Piper*. Mr. Jones also reported that the Port Council discussed how the Authority's brochures are distributed, observing that sometimes the brochures are well placed at local establishments and sometimes they are not.

July 29, 2014 Letter from the Tisbury Board of Selectmen regarding the Single-Ended Design of the *M/V Woods Hole*:

Mr. Lamson advised the Members that, earlier this month, the Authority had received a letter from the Tisbury Selectmen in which they expressed their strong opposition to the single-ended design of the Authority's new passenger/vehicle ferry, the *M/V Woods Hole*, and asked the Authority to reconsider and pursue a double-ended design for the new vessel. Mr. Lamson also noted that, in their letter, the Selectmen have requested an opportunity to meet with the Authority to discuss their position. Mr. Lamson informed the Members that he would respond to the Selectmen's letter assuring them that the Authority has carefully considered the impacts of the new ferry on Vineyard Haven Harbor, and that the *M/V Woods Hole* has been designed to minimize those impacts as much as possible when balanced with the Authority's need to provide efficient, economical, reliable and convenient service to the islands of Martha's Vineyard and Nantucket.

Mr. Lamson then recounted how, beginning several years ago, the staff had studied whether the Authority should replace the *M/V Governor* with an *M/V Martha's Vineyard*-class single-ended passenger/vehicle ferry, an *M/V Island Home*-class double-ended ferry, or an improved single-ended freight boat. After many months, Mr. Lamson said, the staff concluded that what the Authority needs at this time is an improved single-ended freight boat that can be used as a utility vessel on both the Martha's Vineyard route and the Nantucket route, and can carry more trucks and more passengers than the Authority's other freight boats. Mr. Lamson noted that this decision was approved by the Members at their August 20, 2013 meeting and was also widely publicized in all of the area newspapers.

Mr. Lamson also observed that the Authority had made this decision for many reasons, as single-ended vessels are much more reliable in the types of sea conditions that often exist during the 26-mile journey between Hyannis and Nantucket and they are less expensive to both build and operate. Further, Mr. Lamson noted, this particular vessel, because it has to operate in the Hyannis Harbor channel, cannot have a draft that is greater than 10 feet, 6 inches, when fully loaded, and its length cannot exceed 235 feet. Mr. Lamson stated that the *M/V Woods Hole* has been designed within these and other parameters to carry a load of approximately 500 long tons (which might be as many as 10 freight trucks). By comparison, Mr. Lamson said, the double-ended *M/V Island Home*, which is 255 feet long and has a draft of 10 feet, 10 inches, has a carrying capacity of only 371 long tons and, if its length were shortened to 235 feet, it would have a carrying capacity of only around 135 long tons, less than one-third the carrying capacity of the single-ended *M/V Woods Hole.*

Mr. Lamson also noted that the *M/V Woods Hole* has been designed with new features (at least for the Authority) to increase the vessel's efficiency and to reduce its wake wash and water turbidity. Mr. Lamson stated that, based upon Elliott Bay Design Group's recommendations, its hull line has been optimized with a bulbous bow, and it will have MTU engines coupled with controllable pitch propellers manufactured by Hundested Propeller A/S of Denmark. Mr. Lamson observed that all of these features will mitigate its impacts not only in Vineyard Haven Harbor, but in all of the other harbors in which it will be operating during all times of the year.

In response to a question from Mr. O'Brien, Mr. Lamson stated that he did not know why the Tisbury Selectmen have waited so long to raise their concerns, noting how the Authority has had meetings with both the Tisbury Selectmen and the Harbor Management Committee. Mr. Lamson also stated that he was not certain what their principal concerns are about the new vessel, noting that a double-ended vessel might be more likely to cause shoaling in Vineyard Haven Harbor than a single-ended vessel.

Mr. Hanover then recounted how the Tisbury Selectmen have been well informed about the Authority's design process for the new vessel for more than a year, and he noted that two of the selectmen are also Dukes County Commissioners, to whom he gives reports four times a year. Mr. Hanover agreed with Mr. Lamson that it would be appropriate to write a letter to the selectmen explaining the reasons why the Authority needs this particular type of vessel and how it had to be designed so it is able to provide reliable service on both the Martha's Vineyard route and the Nantucket route.

Mr. Balco also suggested that Mr. Lamson provide the selectmen with the information contained in his staff summary on this subject, and observed that the Authority has dredged in Vineyard Haven Harbor and probably will do so again in the future. Finally, Mr. Balco noted that the new vessel will provide the Authority with flexibility and cost savings overall.

At approximately 10:15 a.m., Mr. O'Brien entertained a motion to go into executive session, announcing that a public discussion of the Authority's strategy with respect to the purchase, exchange, lease or value of real property, and collective bargaining matters may have a detrimental effect on the Authority's bargaining positions. Mr. O'Brien announced that these matters included potential sites for the relocation of the Authority's general offices and the proposed ratification of the tentative agreement with Teamsters Union Local No. 59 for a new contract governing the terms and conditions of employment for the Authority's unlicensed vessel employees.

After Mr. O'Brien stated that the public disclosure of any more information with respect to these 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. Tierney's motion, seconded by Mr. Hanover -- to go into executive session to consider the purchase, exchange, lease or value of real property and to discuss the Authority's strategy with respect to collective bargaining matters.

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

At approximately 11:00 a.m., the Members reconvened their meeting in public session. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth (who participated remotely by telephone conference call); John A. Tierney of New Bedford (who also participated remotely by telephone conference call); and Robert F. Ranney of Nantucket. Port Council Vice Chairman Robert R. Jones of Barnstable, and Port Council members Robert V. Huss of Oak Bluffs and George J. Balco of Tisbury 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.

Ratification of a Tentative Agreement
with Teamsters Union Local No. 59 with
respect to the Unlicensed Vessel Employees:

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to authorize the General Manager and Director of Human Resources to:

1. **execute the tentative new collective bargaining agreement with Teamsters Union Local No. 59 governing the terms and conditions of employment for the Authority's unlicensed vessel employees, in substantially the form attached to Staff Summary #L-439, dated August 12, 2014;**

2. **execute the proposed Pension Fund Entry Agreement with Teamsters Union Local No. 59 and the New England Teamsters & Trucking Industry Pension Fund, in substantially the form that is also attached to that staff summary;**

3. **execute an amendment to the Authority's Cafeteria Benefits Plan to ensure that the percentage contribution cost payments made by those employees for their health coverage under the Teamsters Union 25 Health Services & Insurance Plan can be made on a pre-tax basis; and**

4. execute or cause to be executed all such other agreements and instruments, and to take all necessary and appropriate actions, to implement and fulfill the Authority's obligations under the new collective bargaining agreement, the Entry Agreement, and the amended Cafeteria Benefits Plan.

as recommended by management in Staff Summary #L-439, dated August 12, 2014.

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

Then, at approximately 11:02 a.m., Mr. O'Brien stated that he would entertain a motion to adjourn the meeting.

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

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

A TRUE RECORD

Catherine N. Norton

CATHERINE N. NORTON, Secretary

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, August 19, 2014

Second Floor Meeting Room, SSA's Hyannis Terminal
141 School Street, Hyannis, MA

1. **Agenda**
2. **Minutes of the July 15, 2014 Meeting in Public Session**
3. **Business Summary for the Month of June, 2014**
4. **Staff Summary #GM-639 dated August 14, 2014 – Update on the Design and Engineering for the M/V Woods Hole Ferry**
5. **Staff Summary #RCR 03-14 dated August 13, 2014 – Approval of a Proposed Revision to the Martha's Vineyard Operating Schedule for the Period April 15, 2015 through May 14, 2015**

6 **Staff Summary #RCR 02-14 dated August 12, 2014 – Preliminary Draft of the Proposed 2015 Summer and Fall Operating Schedules**

7. **Staff Summary #L-438 dated August 12, 2014 – Approval of Automatic Renewal of License Agreements with Cape and Islands Transport, Inc. and Freedom Cruise Line, Inc.**
8. **Staff Summary #E2014-15 dated August 13, 2015 - Award of Contract No. 9-14 Thomas B. Landers Road Parking Facility**
9. **Staff Summary #GM-640 dated August 14, 2014 – Letter from the Tisbury Board of Selectmen dated July 29, 2014 re: Single Ended Vessel "Woods Hole"**
10. **August 6, 2014 Port Council Minutes**

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

September 23, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 23rd day of September, 2014, beginning at 9:36 a.m., in the Discovery Room of the Nantucket Whaling Museum, located at 15 Broad Street, Nantucket, Massachusetts. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth (who participated remotely by telephone conference call); John A. Tierney of New Bedford (who also participated remotely by telephone conference call); and Robert F. Ranney of Nantucket.

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

<u>Ms. Norton's and Mr. Tierney's Remote Participation in the Meeting</u>:

Mr. O'Brien began the meeting by announcing that he had been notified by Ms. Norton and Mr. Tierney that they desired to participate remotely in this meeting because their geographic distance from Nantucket made their physical attendance today unreasonably difficult. Mr. O'Brien stated that he agreed with them and that, as the Authority's Chairman, he had determined that the physical attendance of Ms. Norton and Mr. Tierney was unreasonably difficult due to their geographic distance from Nantucket and that, therefore, they may participate remotely in this meeting, which included voting on all matters as well. Mr. O'Brien noted that Ms. Norton would be doing so by Skype and that Mr. Tierney would be doing so by telephone conference call, and that both of them would be clearly audible to the other Members and each of the other Members would be clearly audible to them.

Mr. O'Brien also announced that, as a result of the remote participation in this meeting by Ms. Norton and Mr. Tierney, all votes taken by the Members today shall be by roll call vote.

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 August 19, 2014.

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

Woods Hole Terminal Reconstruction Feasibility Study:

Mr. Lamson reported that, earlier this month, Bertaux + Iwerks Architects had submitted a draft report for the Woods Hole terminal reconstruction feasibility study to the Members and the Port Council, and that the Authority since had provided a copy of that report to the Woods Hole Community Working Group for their comments. Mr. Lamson stated that the staff's hope is to be able to modify the draft report to respond to issues and concerns raised by the Working Group, as well as by the Port Council and the Members, before the staff asks the Members to approve it.

Mr. Lamson also stated that the staff also realizes that the first step of the reconstruction project will be to relocate the Authority's administrative offices, so the Authority will have to decide on where the new offices will be located before the project's next phase can begin. Mr. Lamson noted that one option may be to move the offices to another area at the Woods Hole terminal, and he said that the staff will be working with Bertaux + Iwerks to see if that can be done without interfering with the terminal operations as they have been shown on the previously approved "preferred alternative" design concept. Ultimately, Mr. Lamson said, the staff's goal is to narrow down the options for the new location of the Authority's administrative offices by next month and to select a site at the Members' meeting on November 18, 2014.

Palmer Avenue Parking Lot Improvements:

Mr. Lamson then reported that the Authority had developed an action plan with the landscaping contractor for Phase 2 of the Palmer Avenue Parking Lot Improvement Project to rectify and finish all of the intended landscaping work at the parking lot by November 1, 2014. Mr. Lamson noted that this included removing the weeds from the slopes of the bioretention areas, hydro-seeding the unstabilized areas, replacing the dead plantings, and planting additional trees, shrubs, perennials and grasses. Ms. Norton stated that she is very concerned about the state of the parking lot's landscaping, observing that it looks more like a garbage dump when she had hoped it would look more like a botanical garden. However, Ms. Norton complimented Mr. Lamson on being proactive with respect to this matter, and agreed that his action plan addressed most of the issues she had with respect to the property.

Mr. Lamson then reported that last week he had awarded the contract to demolish the former bus garage on the property to the lowest eligible and responsible bidder for the contract, Jay-Mor Enterprises, Inc. of Pelham, New Hampshire, for a Total Contract Price of $23,800. Mr. Lamson stated that the garage will be replaced with a new modular office building for the Authority's parking and shuttle bus operations and will probably also include a small amount of space for a rental car company.

Construction of the *M/V Woods Hole*:

Mr. Lamson reported that last week the Authority had issued the invitation for bids for the construction of its new passenger/freight vessel, the *M/V Woods Hole*, with an initial deadline of November 18, 2014 for the submission of bids, and that a number of shipyards already had asked for copies of the bid package. Mr. Lamson also reported that, on August 29, 2014, Elliott Bay Design Group had submitted a complete set of the plans and drawings for the vessel to the United States Coast Guard for their review and approval and that, in the event the Coast Guard has any comments on those plans and drawings, the Authority should have more than sufficient time to address them in an addendum to the invitation for bids next month. Mr. Lamson stated that the staff hoped that the Members will then be in a position to award the contract for the construction of the *M/V Woods Hole* at their December 2014 meeting.

Thomas B. Landers Road Parking Facility:

Mr. Lamson then reported that, this afternoon, the Authority will be having the kick-off meeting for the construction of its new consolidated parking facility on Thomas B. Landers Road. Mr. Lamson stated that work on the demolition of the buildings which are currently on the site (including one which the Authority had been told already would be demolished but has not been) will begin as soon as the Authority purchases the property, which could take place as early as this Friday, September 26, 2014. At that time, Mr. Lamson said, Lawrence-Lynch Corp. will also begin work on the construction of the facility, which is expected to be completed by June 15, 2015.

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for July 2014, 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 1.0%), more automobiles (up 1.2%) and more trucks (up 0.3%) during the month than it had carried during the same month in 2013. Mr. Lamson also reported that the Authority's operating revenues and other income were $50,000 higher in July 2014 than projected, and that its operating expenses and fixed charges were $29,000 lower than budgeted. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $6,716,000, approximately $79,000 higher than projected.

Mr. Lamson further reported that, for the first seven months of 2014, the Authority's operating revenues and other income had been around $980,000 higher than projected due to higher than expected traffic levels, and its operating expenses and fixed charges had been around $992,000 lower than budgeted. Mr. Lamson stated that some of this variance was a timing issue due to postponing dolphin repairs at the Vineyard Haven terminal, which were estimated to cost around $327,000, until the fall. In addition, Mr. Lamson noted that the Authority's vessel fuel expense had been $404,000 lower than budgeted due to fewer gallons consumed than projected in the Authority's 2014 operating budget. As a result, Mr. Lamson said, the Authority's net operating income for the first seven months of 2014 had been $1,211,000, approximately $1,971,000 higher than the amount projected in the Authority's 2014 operating budget.

Finally, Mr. Lamson reported that the Authority anticipated transferring $9,963,000 to the Replacement Fund and $2,160,000 to the Bond Redemption Fund this year. Mr. Lamson observed that, in accordance with its enabling act, the Authority can use monies in both of those funds to pay for capital projects instead of having to issue bonds for such purposes.

2015 Summer and Fall Operating Schedules:

Mr. Lamson then asked the Members to approve the staff's proposed 2015 Summer and Fall Operating Schedules, which he observed were the same proposed schedules the staff had presented to the Member the prior month. Mr. Lamson also noted that the proposed schedules for the Martha's Vineyard route do not differ from this year's schedules (except for a few days' difference in their starting and ending dates). However, Mr. Lamson said, there were some changes to the schedules for the Nantucket route, including changing the departure times for the *M/V Gay Head* so that it leaves 15 minutes earlier throughout the day from May 15 through September 17, 2015, resulting in its first daily departure from Hyannis being at 5:30 a.m. Mr. Lamson stated that this change should relieve congestion both in the Nantucket channel and at the Hyannis terminal. In addition, Mr. Lamson said, the 6:30 a.m. trip from Hyannis to Nantucket during the periods from May 15, 2015 through May 20, 2015, from May 27, 2015 through June 16, 2015, and from September 9, 2015 through September 17, 2015 would be designated as a hazardous trip in the reservation system to allow more multi-stop food suppliers to book their truck reservations on the earlier trip at 5:30 a.m. since the shippers carrying hazardous cargo will still have sufficient turnaround time on the island by going on the second trip before returning on the 1:30 p.m. trip. Finally, Mr. Lamson noted that, under the proposed schedules, the Authority would again keep a second freight boat on the Nantucket route for another week or so after Labor Day, through September 17, 2015.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the 2015 Summer and Fall Operating Schedules as proposed by management in Staff Summary RCR 04-14, dated September 17, 2014.

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

Preliminary Proposed 2015 Operating Budget:

Mr. Davis then presented the preliminary draft of the staff's proposed 2015 Operating Budget for the Members' review and comments, noting that the final budget will not need to be approved until their next meeting on October 21, 2014. Mr. Davis stated that the Authority's total operating expenses in 2015 are expected to exceed $89,000,000, representing a $3,354,000 or 3.9% increase in total operating expenses compared to the most recent estimate for 2014 (based on seven months of actual expenses and five months of budgeted expenses, including projects that previously were expected to be undertaken in 2015 but have now been accelerated into 2014). Mr. Davis also noted that the most significant increases in projected expenses are attributable to the following:

(a) Vessel fuel expense is expected to be around $9,669,000 in 2015, or a 2.5% increase over the estimate for 2014, based on the assumption that the price of crude oil will range between $90 and $95 per barrel.

(b) Depreciation expense is expected to increase by 0.9% next year, with the addition of a full year of depreciation for Phase 2 of the Palmer Avenue parking lot improvements project, and a partial year of depreciation for the Thomas Landers Road parking lot and the Fairhaven Vessel Maintenance Facility's new modular shop building.

(c) Overall, maintenance expense is expected to increase by $1,371,000 or 10.4% in 2015. Vessel dry-dock expenses are expected to increase by $731,000, as dry-docks are scheduled for the *M/V Nantucket*, the *M/V Katama*, the *M/V Gay Head* and the *M/V Island Home* in 2015. Vessel engine repairs and parts are expected to increase by $194,000, and terminal repairs are expected to increase by $594,000, as dolphin and dock repairs will increase by $418,000.

(d) Health care expense is expected to increase by $368,000 or 5.2% compared to the current estimate for 2014, and continues to reflect contributions by employees towards the cost of their medical plans. Pension expense is expected to increase by $1,182,000 or 27.0%, which reflects, in part, the funding commitments in the recently approved labor contracts covering the licensed deck officers and unlicensed vessel employees.

Mr. Davis also reported that the Authority's total operating revenues, prior to any rate increases, are projected to be around $93,087,000 for 2015, representing a 0.3% 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 $1,900,000 of revenues from anticipated rate increases in order to arrive at a projected net operating income next year of around $3,619,000.

Preliminary Proposed 2015 Rate Adjustments:

Mr. Davis then presented the staff's recommendation on which fare increases should be made in order to ensure sufficient income to meet next year's projected cost of service. Mr. Davis stated that, in order to bring the allocated net income from operations for each route more in line with each island's respective cost of service, the staff was proposing to raise $1,400,000 of the additional $1,900,000 in revenue from adjustments to the Martha's Vineyard rates and that an additional $500,000 be raised from the Nantucket route. Mr. Davis noted that, after implementation of the staff's proposed rate increases, 57.6% of the Authority's total revenues are projected to be derived from the Martha's Vineyard route while that route's cost of service is projected to account for 57.1% of the Authority's total operating expenses.

Mr. Davis reported that, with respect to the Martha's Vineyard route, the staff specifically was proposing:

- to raise the adult passenger fare route by fifty cents, from $7.50 to $8.00 (and the other passenger fare types by the applicable prorated amount);

- to raise the round trip auto excursion fares year round by $2.00 (although, at the time of the meeting, it was thought that these fares would need to be raised by $4.00); and

- to raise the rates at all of the Authority's offsite parking lots in Falmouth to $15.00 per calendar day from May 15th through September 14th and to $13.00 per calendar day from April 1st through May 14th and from September 15th through October 31st.

Mr. Davis then noted that, with respect to the Nantucket route, the staff was proposing:

- a $1.00 increase in the traditional passenger fare, from $17.00 to $18..00 (and the other passenger fare types by the applicable prorated amount);

- a $5.00 increase in the round trip auto excursion fares year round; and

- a $10.00 increase in the drive-on/drive-off service fee for vehicles under 20 feet, from $25.00 to $35.00, during the period May 1st through September 30th.

Mr. Davis answered questions from Ms. Norton regarding the increase in the cost of the Authority's pension contributions and the $5,000,000 "dead band corridor" that is used to determine how the cost of service is allocated between the two routes. Mr. Hanover then stated that, while he understood why the staff was recommending increases in the Authority's passenger fares and parking rates, he was hoping that the Authority could find some other way to raise revenue rather than increasing the excursion rates for the Martha's Vineyard route by $4.00. In response, Mr. Lamson stated that the staff was examining how much revenues would be raised if the Authority instead were to increase the standard one-way automobile fares on that route by $0.25, and that the information would be presented to the Members at their next meeting.

New Modular Building for the
Fairhaven Vessel Maintenance Facility:

Mr. Lamson asked for authorization to award Contract #06-14 for a new modular/prefabricated building at the Authority's Fairhaven Vessel Maintenance Facility to Cape Building Systems, Inc. ("CBSI") of Mattapoisett, Massachusetts, which he said had submitted the only proposal for the contract with a proposed Total Contract Price of $1,745,000. Mr. Lamson also noted that, of that amount, $1,133,792 is being financed by funds provided by the federal government through the 2013 Ferry Boat Program and administered by the Massachusetts Department of Transportation and the Federal Highway Administration.

Mr. Lamson reported that, under the contract, CBSI is expected to complete a pre-erection site work by the end of March 2015 (including the excavation and construction of the foundation, and the installation of underground utilities) and to substantially complete all work by the end of July 2015. Meanwhile, Mr. Lamson said, the Authority will be renting temporary facilities from Fairhaven Shipyard Companies, Inc. to store various items of equipment, stock and supplies.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract No. 06-14 for a new modular/prefabricated building at the Authority's Fairhaven Vessel Maintenance Facility to Cape Building Systems, Inc. of Mattapoisett, Massachusetts, for a Total Contract Price of $1,745,000, with such revisions to the contract as described in Staff Summary #L-440, dated September 18, 2014, that the General Manager determines should be negotiated prior to awarding the contract.

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

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

Mr. Lamson asked the Members to award Contract No. 14-14 for dry-dock and overhaul services for the *M/V Martha's Vineyard* to Senesco Marine LLC of North Kingstown, Rhode Island, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $888,055. Mr. Lamson stated that the *M/V Martha's Vineyard* will go into the shipyard in October 2014 for a United States Coast Guard hull exam, machinery inspections, bow thruster maintenance, installation of a water tight door, underwater hull cleaning and painting, superstructure painting, and replacement of the main propulsion control system.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract No. 14-14 for dry-dock and overhaul services for the M/V Martha's Vineyard to Senesco Marine LLC of North Kingstown, Rhode Island, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $888,055, as recommended by management in Staff Summary #E 2014-16, dated September 18, 2014.

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

Contract for Replacement of Dolphins -
Slip #1 of the Vineyard Haven Terminal:

Mr. Lamson then asked for authorization to award Contract No. 17-14 for the replacement of the approach dolphins for Slip #1 of the Vineyard Haven terminal to the lowest eligible and responsible bidder for the contract when bids are opened later that afternoon. Mr. Lamson stated that the new dolphins will be constructed identical to the approach dolphins that were recently constructed for Slip #2, and that spin fin piles are required for the soil conditions in the area and the concrete mass will be clad with wooden timbers.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract No. 17-14 for the replacement of dolphins – Slip #1 of the Vineyard Haven terminal to the lowest eligible and responsible bidder for the contract when bids are opened on September 23, 2014, as recommended by management in Staff Summary #E 2014-17, dated September 18, 2014.

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

Fender & Dolphin Repair Contract –
Slip #2 of the Woods Hole Terminal:

Mr. Lamson then asked for authorization to award Contract No. 21-14 for repairs to the fenders and dolphins for Slip #2 of the Woods Hole terminal to the lowest eligible and responsible bidder for the contract when bids are opened on October 2, 2014. Mr. Lamson stated that, once the contract is awarded, the work should start in mid-October and be completed by the end of the year.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to authorize the General Manager to award Contract No. 21-14 for fender and dolphin repairs – Slip #2 of the Woods Hole terminal to the lowest eligible and responsible bidder for the contract when bids are opened on October 2, 2014, as recommended by management in Staff Summary #E 2014-18, dated September 18, 2014.

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

Contract for Dock Repairs – Oak Bluffs Terminal:

Mr. Lamson then asked for authorization to award Contract No. 22-14 for repairs to the dock of the Oak Bluffs terminal to the lowest eligible and responsible bidder for the contract when bids are opened on October 2, 2014. Mr. Lamson stated that the scope of work includes modifying the dolphin fender frames, replacing the failing element fenders with cylindrical fenders, and performing pile replacement and decking repairs to the inshore section of the pier. Mr. Lamson also stated that, once the contract is awarded, the work should start in mid-October and be completed by the end of the year.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to authorize the General Manager to award Contract No. 22-14 for dock repairs – Oak Bluffs terminal to the lowest eligible and responsible bidder for the contract when bids are opened on October 2, 2014, as recommended by management in Staff Summary #E 2014-19, dated September 18, 2014.

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

2014 Maximo CMMS Upgrade:

Mr. Lamson then asked the Members for authorization to purchase all of the components necessary to upgrade the Authority's Maximo computerized maintenance system from version 7.1 to version 7.5, at an aggregate cost of just under $200,000. Mr. Lamson noted that the upgrade includes new software licenses, hardware (server) upgrades, the replacement and upgrade of 20 laptops, the purchase of android-style tablets, and integration of the Authority's Material Safety Data Sheets to the Maximo environment. In response to a question from Ms. Norton, Mr. Lamson noted that Maximo is an IBM computerized maintenance management system, and that a number of major companies use the system.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to proceed with the 2014 Maximo hardware and software upgrade, including the purchase of all of the components necessary to upgrade the Authority's Maximo computerized maintenance management system from version 7.1 to version 7.5, as recommended by management in Staff Summary #E 2014-20, dated September 18, 2014.

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

Port Council's Report:

Mr. Rezendes reported that, at their meeting earlier in the month, the Port Council had discussed many of the matters that had been discussed or decided by the Members today, including the staff's preliminary rate adjustments, as well as the need for the Authority to determine where its new administrative offices are going to be located before it can begin the reconstruction of the Woods Hole terminal.

Public Comment:

After Mr. O'Brien thanked State Representative Timothy R. Madden and Nantucket Town Manager C. Elizabeth ("Libby") Gibson for attending today's meeting, Mr. Madden thanked the Members for reaching out to the Woods Hole community with respect to the Authority's planned reconstruction of its Woods Hole terminal. Mr. Madden also complimented all of the Authority's employees for the great work they do under stressful conditions, and he emphasized that no one should forget how the Authority has some really good people working for it.

At approximately 10:35 a.m., Mr. O'Brien entertained a motion to go into executive session, announcing that a public discussion of the Authority's consideration of the purchase, exchange, lease or value of real property may have a detrimental effect on the Authority's bargaining positions. Mr. O'Brien stated that the matters for discussion included potential sites for the relocation of the Authority's general offices and that the public disclosure of any more information with respect to these matters would compromise the purpose for which the executive session was being called. Mr. O'Brien also announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Ranney -- to go into executive session to consider the purchase, exchange, lease or value of real property.

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

A TRUE RECORD

Catherine N. Norton

CATHERINE N. NORTON, Secretary

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, September 23, 2014

Discovery Room, Nantucket Whaling Museum
15 Broad Street, Nantucket, MA

1. **Agenda**
2. **Minutes of the August 19, 2014 Meeting in Public Session**
3. **Business Summary for the Month of July, 2014**
4. **Staff Summary #RCR 04-14 dated September 18, 2014 – Approval of Proposed 2015 Summer and Fall Operating Schedules**
5. **Staff Summary #A-570 dated September 18, 2014 – Preliminary Draft of Proposed 2015 Operating Budget**

6 **Staff Summary #A-571 dated September 18, 2014 – Preliminary Draft of Management's Proposed Rate Increases Effective January 6, 2015**

7. **Staff Summary #L-440 dated September 18, 2014 - Award of Contract No. 6-14 "New Modular Building for Fairhaven Vessel Maintenance Facility"**
8. **Staff Summary #E2014-16 dated September 18, 2014 – Award of Contract No. 14-14 "Dry-Dock and Overhaul Services for the M/V Martha's Vineyard"**
9. **Staff Summary #E2014-17 dated September 18, 2014 – Request for Authorization To Award Contract No. 17-14 "Dolphin Replacement-Slip #1 Vineyard Haven Terminal"**
10. **Staff Summary #E2014-18 dated September 18, 2014 – Request for Authorization To Award Contract No. 21-14 "Fender and Dolphin Repairs-Slip #2 Woods Hole Terminal"**
11. **Staff Summary #E2014-19 dated September 18, 2014 – Request for Authorization To Award Contract No. 22-14 "Dock Repairs Oak Bluffs Terminal"**
12. **Staff Summary #E2014-20 dated September 18, 2014 – Approval of Proposed Upgrade to the Authority's Maintenance Management Information System (MAXIMO)**
13. **September 10, 2014 Port Council Minutes**

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

October 21, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 21st day of October, 2014, beginning at 9:37 a.m., in the first floor meeting room of the Oak Bluffs Public Library, located at 56R School Street, Oak Bluffs, Massachusetts. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth; John A. Tierney of New Bedford (who participated remotely by telephone conference call); and Robert F. Ranney of Nantucket.

Port Council Vice Chairman Robert R. Jones of Barnstable and Port Council member George J. Balco of Tisbury were also present, as were the following members of management: General Manager Wayne C. Lamson; Treasurer/Comptroller Robert B. Davis; Director of Marketing Kimberlee McHugh; Director of Terminal and Parking Operations Mark K. Rozum; Director of Engineering and Maintenance Carl R. Walker; Facilities Engineer William J. Cloutier; Reservations and Community Relations Manager Gina L. Barboza; Director of Information Technologies Mary T.H. Claffey; Vineyard Haven Terminal Manager Richard Clark; Oak Bluffs Terminal Manager Bridget Tobin; Director of Human Resources Phillip J. Parent; and General Counsel Steven M. Sayers.

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

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

Mr. O'Brien also announced that, as a result of the remote participation in this meeting by Mr. Tierney, all votes taken by the Members today shall be by roll call vote.

Minutes:

IT WAS VOTED -- upon Ms. Norton's motion, seconded by Mr. Ranney -- to approve the minutes of the Members' meeting in public session on September 23, 2014.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for August 2014, 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 1.2%), fewer automobiles (down 1.2%) and fewer trucks (down 2.6%) during the month than it had carried during the same month in 2013. Mr. Lamson also reported that the Authority's operating revenues and other income were $750,000 higher in August 2014 than projected, and that its operating expenses and fixed charges were $810,000 lower than budgeted. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $9,160,000, approximately $1,560,000 higher than projected.

Mr. Lamson further reported that, for the first eight months of 2014, the Authority's operating revenues and other income had been around $1,729,000 higher than projected due to higher than expected traffic levels, and its operating expenses and fixed charges had been around $1,802,000 lower than budgeted. Mr. Lamson stated that some of this variance was a timing issue due to postponing dolphin repairs at the Vineyard Haven terminal, which were estimated to cost around $327,000, until the fall. In addition, Mr. Lamson noted that the Authority's vessel fuel expense had been $510,000 lower than budgeted due to fewer gallons consumed and a lower average cost per gallon ($3.29 compared to $3.50) than projected in the Authority's 2014 operating budget. As a result, Mr. Lamson said, the Authority's net operating income for the first eight months of 2014 had been $10,371,000, more than $3,531,000 higher than the amount projected in the Authority's 2014 operating budget.

Mr. Hanover observed that, through August of this year, the Authority had consumed 42,000 fewer gallons of vessel fuel than projected, and he asked whether that was because the Authority was monitoring the vessels' fuel usage. In response, Mr. Walker stated that the staff could not pinpoint the decrease in fuel consumption to one reason, although he agreed that the Captains were doing a better job now that they have the information available to them.

Woods Hole Terminal Reconstruction Feasibility Study:

Mr. Lamson reported that the staff was continuing to evaluate potential sites for the relocation of the Authority's administrative offices, including property the Authority already owns in Falmouth, such as the Gifford Street parking lot and the two parcels at the intersection of Thomas B. Landers Road and Research Road, and other properties available for sale in both Falmouth and Mashpee. Mr. Lamson stated that the staff was also continuing to explore whether the Authority can move at least a portion of its offices to another area at the Woods Hole terminal without interfering with the terminal operations as they have been shown on the previously approved "preferred alternative" design concept.

Palmer Avenue Parking Lot Improvements:

Mr. Lamson then reported that the Authority was continuing to work with the landscaping contractor for Phase 2 of the Palmer Avenue Parking Lot Improvements Project to rectify and finish all of the intended landscaping work at the parking lot by November 1, 2014. Mr. Lamson noted that this included removing the weeds from the slopes of the bioretention areas, hydroseeding the unstabilized areas, replacing the dead plantings, and planting additional trees, shrubs, perennials and grasses. However, Mr. Lamson stated that he was not satisfied that the landscaping contractor was on schedule, as there was yet no landscape screening along Palmer Avenue, and he stated that Messrs. Walker and Cloutier would be contacting the contractor to see what work was planned for the next few weeks.

Construction of the *M/V Woods Hole*:

Mr. Lamson reported that, last week, the Authority had issued its first addendum to the invitation for bids for the construction of the Authority's new passenger/freight vessel, the *M/V Woods Hole*. In that addendum, Mr. Lamson said, the Authority had clarified a number of minor issues in response to questions that it had received from potential bidders, but he stated that he did not believe any of the issues raised and addressed in that addendum will have a material impact on any bidder's proposed total contract price. Mr. Lamson also noted that the Authority planned to issue a second addendum by the end of this month, and that the deadline for the submission of bids was still November 18, 2014.

In response to a question from Mr. Hanover, Mr. Lamson stated that the staff was hoping to receive bids from three or four shipyards with the capability to build the new vessel, and that most of the shipyards that had asked for the invitation for bids were on located on the coast of the Gulf of Mexico and in Florida. Mr. Lamson noted that, while a shipyard in the State of Washington also had received a copy of the invitation for bids, it would be at a competitive disadvantage due to the fact that the selected bidder will be required to deliver the vessel to the Authority's Fairhaven Vessel Maintenance Facility at its own expense.

Thomas B. Landers Road Parking Facility:

Mr. Lamson reported that work has begun for the construction of the Authority's new consolidated parking facility on Thomas B. Landers Road, that the Authority had completed its purchase of the property on September 26, 2014 and that most of the buildings on the site already had been demolished. Mr. Lamson stated that Lawrence-Lynch Corp. also had begun work on the construction of the facility, which is expected to be completed by June 15, 2015.

New Modular Building for the
Fairhaven Vessel Maintenance Facility:

Mr. Lamson reported that the contractor has begun work on the new modular building at the Authority's Fairhaven Vessel Maintenance Facility. Mr. Lamson noted that, under the contract, Cape Building Systems, Inc. is expected to complete a pre-erection site work by the end of March 2015 (including the excavation and construction of the foundation, and the installation of underground utilities) and to substantially complete all work by the end of July 2015. In response to a question from Mr. O'Brien, Mr. Lamson stated that the new building will be similar in size to the two buildings it is replacing, but it will have a break room for employees, additional office space, and storage areas for equipment that is now stored outside. Mr. Lamson also noted that the new building is being well received by the Authority's neighbors, as it will be farther from the water than the buildings it is replacing and will therefore open up quite a view from the street.

License Agreement with SeakStreak LLC:

Mr. Lamson asked the Members for authorization to execute a renewal of the Authority's license agreement with SeaStreak, LLC that would allow it to continue providing seasonal passenger ferry service between New Bedford and Martha's Vineyard for the next three years. Mr. Lamson noted that the most significant change in SeaStreak's operations is that it would no longer provide service to Vineyard Haven. Instead, Mr. Lamson said, all of its trips will go in and out of Oak Bluffs except on those occasions when rough seas require its trips to be diverted to Vineyard Haven.

Ms. Norton observed that there continued to be a downward trend in the number of passengers carried by SeaStreak between New Bedford and Martha's Vineyard, and she questioned why there was an increase in the amount of the Authority's fees in the new agreement. In response, Mr. Lamson noted that one of the reasons for the decrease in the number of passengers carried by SeaStreak on an annual basis is that it had transitioned over the last few years from a year-round service to a seasonal service. Mr. Lamson also noted that the Authority was not increasing the amount of its license fees in the new agreement, just the amount of its monthly dockage fees, and Mr. Sayers observed that the increase in the monthly dockage fees was only slightly higher than what the increase had been in the Consumer Price Index during the intervening years, and that SeaStreak also no longer had to pay dockage fees during the months of November through April because it no longer provides service during those months.

In response to a question from Mr. Tierney, SeaStreak Port Captain Patrick Welch stated that SeaStreak was still providing service between New York and Martha's Vineyard during the summer, and Mr. Tierney observed that the availability of this other service might be one of the reasons for SeaStreak's decline in ridership from New Bedford. However, Captain Welch stated that he did not believe that SeaStreak's New York service had resulted in any loss in its New Bedford ridership, as most of its passengers from New York were residents of New Jersey, and its service from New Bedford was more focused on carrying passengers from Rhode Island and Connecticut.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Ms. Norton -- to authorize the General Manager to execute a license agreement with SeaStreak, LLC in the form attached to Staff Summary #L-441, dated October 15, 2014, and to take all necessary and appropriate actions to carry out that agreement and fulfill the Authority's obligations thereunder.

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

License Agreement with Island Commuter Corp.:

Mr. Lamson then asked for authorization from the Members to execute another license agreement with Island Commuter Corp. that will allow the *M/V Island Queen* to begin its 2015 summer schedule one week earlier than it otherwise would be allowed under the Authority's enabling act. Mr. Lamson noted that this license agreement was essentially the same as the one that the Authority entered into with Island Commuter Corp. this past year so that it could begin its summer schedule one week earlier in mid-June.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to execute a license agreement with Island Commuter Corp. in the form attached to Staff Summary #L-442, dated October 15, 2014, and to take all necessary and appropriate actions to carry out that agreement and fulfill the Authority's obligations thereunder.

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

2015 Operating Budget:

Mr. Davis asked the Members to adopt the staff's proposed 2015 Operating Budget. Mr. Davis noted that the Authority's total operating expenses in 2015 were expected to exceed $89,000,000, which represents a 3.9% increase in total operating expenses compared to the most recent estimate for 2014. Mr. Davis also stated that the most significant increases in projected expenses were attributable to the following:

(a) Vessel fuel expense is expected to be around $9,669,000 in 2015, or a 2.5% increase over the estimate for 2014, based on the assumption that the price of crude oil will range between $90 and $95 per barrel.

(b) Depreciation expense is expected to increase by 0.9% next year, with the addition of a full year of depreciation for Phase 2 of the Palmer Avenue parking lot improvements project, and a partial year of depreciation for the Thomas Landers Road parking lot and the Fairhaven Vessel Maintenance Facility's new modular shop building.

(c) Overall, maintenance expense is expected to increase by $1,371,000 or 10.4% in 2015. Vessel dry-dock expenses are expected to increase by $731,000, as dry-docks are scheduled for the *M/V Nantucket*, the *M/V*

Katama, the *M/V Gay Head* and the *M/V Island Home* in 2015. Vessel engine repairs and parts are expected to increase by $194,000, and terminal repairs are expected to increase by $594,000, as dolphin and dock repairs will increase by $418,000.

(d) Employee compensation, including wages, pension, health and payroll taxes, is expected to increase by $1,567,000 or 3.4% in 2015. Payroll expense is expected to increase by $132,000 or 0.4%; health care expense is expected to increase by $368,000 or 5.2%, and continues to reflect contributions by employees towards the cost of their medical plans; and pension expense is expected to increase by $1,182,000 or 27.0%, which reflects, in part, the funding commitments in the recently approved contract covering the unlicensed vessel employees.

Mr. Davis also reported that the Authority's total operating revenues, prior to any rate increases, were projected to be around $93,087,000 for 2015, representing a 0.3% 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 $1,900,000 of revenues from anticipated rate increases in order to arrive at a projected net operating income next year of around $3,619,000.

Ms. Norton questioned why Mr. Davis was projecting that the price of crude oil in 2015 would be in the range of $90 to $95 per barrel, as the reports that she had read were predicting that it would stay around $85 per barrel. In response, Mr. Davis acknowledged that the price of oil had decreased for the moment because of oversupply, but he noted that the Authority's consultant was still predicting that the price of oil would increase again to around $90 a barrel.

Mr. Hanover acknowledged that he did not see anywhere in the proposed budget where the Authority could significantly further reduce expenses next year, but he declared that he was terrified by the estimate that the Authority will need another $3,600,000 rate increase in 2016. Mr. Hanover asked how Mr. Lamson intended to address that increase and where the money would be come from. In response, Mr. Lamson cautioned that the estimate was a very conservative one and assumed that there will be no increases in traffic levels beyond the levels that the Authority experienced this past year. Mr. Lamson also noted that, over the next five years, the estimated fare increases averaged less than two percent (2%) per year, even if there were no increases in traffic levels. Nevertheless, Mr. Lamson said, he understood Mr. Hanover's concern.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to adopt the 2015 Operating Budget as proposed by management in Staff Summary #A-572, dated October 16, 2014, contingent upon the approval of the necessary rate adjustments as in the judgment of the Members are best adapted to ensure sufficient income to meet next year's projected cost of service.

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

Preliminary Proposed 2015 Rate Adjustments:

Mr. Davis then asked the Members to approve the staff's proposed fare increases, which were estimated to raise an additional $1,900,000 in revenue, in order to ensure sufficient income to meet next year's projected cost of service. Mr. Davis said that, in order to bring the allocated net income from operations for each route more in line with each island's respective cost of service, the staff was recommending that $1,400,000 of the additional revenue be derived from adjustments to the Martha's Vineyard rates and that $500,000 be derived from adjustments to the Nantucket rates. Mr. Davis observed that, after implementation of the proposed rate increases, 57.6% of the Authority's total revenues are projected to be derived from the Martha's Vineyard route while that route's cost of service is projected to account for 57.1% of the Authority's total operating expenses.

Specifically, with respect to the Martha's Vineyard route, Mr. Davis stated that the staff was recommending that the Authority:

- raise the adult passenger fare route by fifty cents, from $7.50 to $8.00 (and the other passenger fare types by the applicable prorated amount);

- raise the round trip auto excursion fares year round by $2.00; and

- raise the rates at all of the Authority's offsite parking lots in Falmouth to \$15.00 per calendar day from May 15th through September 14th and to \$13.00 per calendar day from April 1st through May 14th and from September 15th through October 31st.

Mr. Davis also stated that, with respect to the Nantucket route, the staff was recommending that the Authority:

- raise the traditional passenger fare by \$1.00, from \$17.00 to \$18.00 (and the other passenger fare types by the applicable prorated amount);

- raise the round trip auto excursion fares by \$5.00 year round; and

- raise the drive-on/drive-off service fee for vehicles under 20' by \$10.00, from \$25.00 to \$35.00, during the period May 1st through September 30th.

In response to a question from Mr. Hanover, Mr. Davis stated that he believed the Authority needed to have an operating budget that projected a net operating income of \$3,000,000, if not higher, observing that, as in past years, the Authority might experience significant unforeseen expenses that can cost more than \$1,000,000.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve the rate adjustments proposed by management in Staff Summary #A-573, dated October 16, 2014, effective January 6, 2015.

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

Resolution Authorizing the Sale of Steamship Bonds:

Mr. Davis asked the Members to adopt a bond resolution authorizing him to issue and sell on a competitive basis up to $24,000,000 of Steamship Bonds no later than November 17, 2014 at a price not less than par (plus accrued interest). Mr. Davis stated that the net proceeds of the Steamship Bonds will be used to refund $22,765,000 of the Authority's 2004 Series B Steamship Bonds that otherwise would mature during the years 2016 through 2021. Over the next seven years, Mr. Davis said, the refunding will lower the Authority's estimated debt service payments by a total of around $2,300,000 (which savings already have been factored into the approved 2015 Operating Budget).

In response to a question from Mr. Hanover, Mr. Davis stated that the bonds would bear interest at the rate of three percent (3%) and that, as a result, the Authority probably will receive a premium on the bonds to make the effective net interest cost around 1.5%. Mr. Davis stated that the bonds which will be refunded have an interest rate of five percent (5%). Mr. Balco then asked how much interest savings will be realized by the refunding, as opposed to simply a reduction in the Authority's debt service payments. Mr. Davis stated that almost all of the reduction in debt service payments will represent interest savings, as the new bonds will have the same maturity dates as the refunded bonds.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to adopt the Bond Resolution authorizing the Treasurer to issue and sell on a competitive basis up to $24,000,000 of Steamship Bonds no later than November 17, 2014 at a price not less than par (plus accrued interest), as recommended by management in Staff Summary #A-574, dated October 16, 2014.

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

Resolution Authorizing Hedging Account(s):

Mr. Davis then asked the Members to adopt a resolution authorizing him and Mr. Lamson to establish and maintain one or more accounts with FC Stone LLC for the purpose of purchasing and selling commodities futures contracts, specifically limited to heating oil and Ultra Low Sulfur Diesel (ULSD) commodities. Mr. Davis noted that, since 2008, the Authority has had its fuel hedging program account at Prudential Bache Commodities, which was acquired by Jefferies LLC in 2011 (and which in turn was acquired by Leucadia National in 2013), but the Authority was now required to transfer the account to FC Stone so that its consultant, Hedge Solutions, can continue to act on the Authority's behalf in connection with these transactions.

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

(1) to authorize the General Manager and Treasurer/ Comptroller to establish and maintain account(s) subject to the resolution in the form attached to Staff Summary #A-575, dated October 16, 2014, for the purpose of purchasing and selling energy commodities futures contracts, specifically including heating oil and Ultra Low Sulfur Diesel (ULSD) commodities; and

(2) to authorize the General Manager to assign a Power of Attorney to Richard Larkin of Hedge Solutions to act on the Authority's behalf to conduct the aforesaid transactions.

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

Contract for Replacement of Dolphins -
Slip #1 of the Vineyard Haven Terminal:

Mr. Lamson reported that, as authorized by the Members at last month's meeting, he had awarded Contract #17-14 for the replacement of the approach dolphins for Slip #1 of the Vineyard Haven terminal to AGM Marine Contractors, Inc. of Mashpee, Massachusetts, the lowest eligible and responsible bidder for the contract, for a total contract price of $795,000. Mr. Lamson noted that the new dolphins will be constructed identical to the approach dolphins that were recently constructed for Slip #2, that spin fin piles are required for the soil conditions in the area, and that the concrete mass will be clad with wooden timbers.

Fender & Dolphin Repair Contract –
Slip #2 of the Woods Hole Terminal:

Mr. Lamson reported that, as authorized by the Members at last month's meeting, he also had awarded Contract #21-14 for repairs to the fenders and dolphins for Slip #2 of the Woods Hole terminal to Atlantic Support Installations, Inc. of Hopedale, Massachusetts, the lowest eligible and responsible bidder for the contract, for a total contract price of $275,000. Mr. Lamson noted that the work is expected to be completed by the end of the year.

Ms. Norton questioned why the Authority was performing these repairs when the entire Woods Hole terminal is going to be reconstructed within the next few years. In response, Mr. Lamson stated that the work is required in order for the Authority to use the current slips, and that the Authority was only doing that work which is necessary to maintain the slips another two to three years. In response to a question from Mr. Hanover, Mr. Cloutier stated that Atlantic Support Installations had performed repair work at the Woods Hole terminal before for the Authority, and that it also had installed the fishing pier at Oak Bluffs.

Contract for Two Modular Buildings at the Authority's
Palmer Avenue and Thomas Landers Road Parking Facilities:

Mr. Lamson then asked the Members for authorization to award Contract No. 20-14 for two new modular buildings (one to be installed at the Palmer Avenue parking lot and another at the new Thomas B. Landers Road parking facility) to Vanguard Modular Building Systems of Malvern, Pennsylvania, for a total contract price of $867,699. Mr. Lamson stated that these single-story buildings will include restrooms, office space, employee break rooms, and full basement concrete foundations, and that Vanguard had submitted a proposal that was evaluated to be "highly advantageous" to the Authority and offered the lowest proposed total contract price.

In response to a question from Mr. Hanover, Mr. Lamson stated that the buildings would provide some shelter for the Authority's customers during inclement weather, although not a lot, and space for ticket vending machines. Mr. Lamson noted that the building in the Palmer Avenue parking lot would also have a car rental counter, as the Authority was planning to enter into a contract with a car rental company that will use the lot as a drop-off location and would also have 10 to 15 rental cars available to rent there.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to authorize the General Manager to award Contract No. 20-14 for two new modular/prefabricated buildings at the Authority's Palmer Avenue and Thomas B. Landers Road parking facilities to Vanguard Modular Building Systems of Malvern, Pennsylvania, for a Total Contract Price of $867,699, with such revisions to the Contract described in Staff Summary #GM-644, dated October 16, 2014, that the General Manager determines should be negotiated prior to awarding the Contract.

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

OLEV Technologies, Inc.'s Grant Proposal
for Three Battery-Powered Electric Buses:

In response to a question from Ms. Norton, Mr. Lamson stated that the staff was planning to have OLEV Technologies, Inc. make a presentation to the Port Council at their meeting next month regarding OLEV's request for a

$2,250,000 grant from the Massachusetts Department of Energy Resources to provide the Authority with three battery-powered electric buses that would be recharged via wireless inductive charging. Mr. Lamson stated that, depending upon what transpired at the Port Council meeting, the staff planned to then ask the Members at their November 18, 2014 meeting for authorization to write a letter in support of OLEV's grant request.

However, Ms. Norton suggested that the Authority not wait a month to send a letter supporting OLEV's grant request, observing that Woods Hole residents would be happy to have any kind of relief from diesel buses and that she saw OLEV's technology as being on the leading edge. Mr. Hanover also expressed concern that the Authority's delay might result in a company other than OLEV receiving the grant money, and he stated that he would hate to miss this opportunity.

In response to further questions from the Members, Messrs. Lamson and Rozum then described how, if OLEV were to receive the grant, the basic outline of the pilot project would be as follows:

- OLEV would lease the buses to the Authority for five years, after which the Authority would have the right to purchase the buses, all for a nominal amount;

- the Authority would be responsible for installing a charging station for the buses, which would be imbedded in the ground at its Palmer Avenue parking lot, at an estimated cost of $250,000;

- the three buses would be used exclusively to provide shuttle service between the Palmer Avenue parking lot and Woods Hole, with each bus being recharged for 15 minutes while waiting to take passengers from the Palmer Avenue parking lot;

- OLEV's estimate was that the cost of electricity for the buses will average 27 cents per mile (compared to the 55-cents-per-mile cost for diesel fuel); and

- thus, if the pilot project is implemented and turns out to be a success, the Authority will save money both in the acquisition of the three buses (which historically have cost $160,000 each) and their operation.

In response to a question from Mr. Hanover, Mr. Jones stated that the Port Council had discussed OLEV's grant request at their last meeting, but had not arrived at any conclusions. Instead, Mr. Jones said, the Port Council was waiting to hear OLEV's presentation next month. Mr. Balco also stated that the Port Council still had questions about what would be the Authority's obligation to install a charging station at the Palmer Avenue parking lot. But Mr. Sayers noted that the Authority could still send a letter in support of OLEV's grant request and, if OLEV ends up receiving the grant, the Authority can then negotiate the details of the arrangement in a manner that will hopefully address everyone's concerns.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Ms. Norton -- to authorize the General Manager to send a letter in support of the grant request being submitted by OLEV Technologies, Inc. ("OLEV") to the Massachusetts Department of Energy Resources for the entire $2,250,000 that is available under Program Opportunity Notice (PON) ENE – 2014-039, entitled "MA Clean Vehicle Project – Battery Electric Buses with Wireless Charging."

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

Port Council's Report:

Mr. Jones reported that, at their meeting earlier in the month, the Port Council had discussed many of the matters that had been discussed or decided by the Members today, including the $2,300,000 of savings in the Authority's debt service payments over the next seven years that will result from the anticipated refunding of some of the Authority's outstanding Steamship Bonds. Mr. Jones also reported that the Port Council had discussed a request from the Town of Tisbury to change the terms and conditions of the current agreement among the Town, the Authority and the Martha's Vineyard Regional Transit Authority regarding the operation of the Tisbury Park and Ride service, and that the discussion raised the issue of whether the Authority should develop a policy to address its participation in park and ride services for all of its port communities, or whether it should make each decision on a case-by-case basis.

In this regard, Mr. Jones noted that the Authority contributes around $70,000 to the Tisbury Park and Ride service, that this past year the Authority also contributed $50,000 to the Nantucket Park and Ride service, and that the Town of Oak Bluffs had mentioned that it similarly is planning to start a Park and Ride service for its community.

Mr. Jones stated that the Port Council had not reached any conclusions on this subject, but that the Town of Tisbury was asking to amend the current agreement so that it could begin charging people for parking in the lot for more than four days instead of more than seven days, and so that it could section off portions of the lot for long-term parking. Mr. Lamson then stated that he had asked Tisbury Town Administrator John W. (Jay) Grande if he could attend today's meeting and explain the reasons for the Town's requested changes, but he was not available. Nevertheless, Mr. Lamson said, Mr. Grande will be attending the next Port Council meeting on November 5th to discuss the matter at that time.

December 2014 Meeting Date:

Mr. Hanover apologized for not being able to attend the Authority meeting that had been scheduled for December 16, 2014, and he asked whether the other Members could meet on another day that month. Mr. Lamson stated that he would prefer to have the meeting earlier in the month rather than later, given that the staff hoped that the Authority would be in a position to award the contract for the construction of the *M/V Woods Hole* at that time, and he suggested that the Members instead meet on December 9, 2014. The Members agreed, and Mr. Lamson noted that the meeting would take place in Hyannis.

Late Summer and Early Fall Operating Schedule:

Mr. Hanover acknowledged that the Members already had approved the Authority's operating schedules for next year, but he expressed his concern over the difficulty that island residents were having getting vehicle reservations (or traveling standby) to travel off-island after the Authority had reduced its operating schedules this past week. Mr. Hanover questioned whether the Authority was providing adequate service, and he suggested that Mr. Lamson consider extending the SSA's late summer schedule a few more weeks next year or operate additional freight boat trips.

Mr. Ranney expressed similar concerns over the difficulty that Nantucket residents encounter obtaining reservations in September, and he also asked Mr. Lamson to look into what measures can be taken now to provide more service next year. Mr. Lamson agreed, although he noted that the Authority's options are limited when it comes to providing more spaces on trips leaving the islands during the mornings, which is when most island residents want to travel, and he observed that the Authority already was using the lift decks on the *M/V Island Home* on a regular basis. Nevertheless, Mr. Lamson said, the staff would discuss this problem over the next few weeks and he will then present the Members with the staff's recommendation for their consideration at their next meeting on November 18, 2014.

Public Comment:

Martha's Vineyard resident Jennifer Parkinson stated that she travels frequently on the Authority's ferries and had been noticing that both the *M/V Island Home* and the freight boats are really dirty. Ms. Parkinson said that she did not understand why that had to be the case when the Authority pays so many employees whom, she noted, she never sees (or only rarely sees) working on the boats. Ms. Parkinson also stated that the Oak Bluffs and Vineyard Haven terminals should be pristine, as they are the first things people see when they visit the island, yet they are very dirty and in very bad repair, with some toilets always being closed. Ms. Parkinson declared that it is the same situation on the ferries, and is an important issue that needs to be addressed.

Oak Bluffs Selectman Gregory Coogan observed that the Authority's decisions to cancel trips in and out of Oak Bluffs due to bad weather have an adversely impacts not only the town's merchants, but also all of the people who rush to make the boats. Mr. Coogan also agreed with Mr. Hanover's concerns about the difficulty island residents were having traveling off-island, some of whom were spending all morning waiting to travel or were being turned away. In addition, Mr. Coogan said, the Town of Oak Bluffs' success has resulted in a shortage of parking in that community and, as a result, the Town was having a strategic planning meeting the next weekend to look for a location for a Park and Ride lot. Mr. Coogan stated that he hoped the Authority will help the Town with that endeavor and that the Town will discuss it with the Port Council.

Martha's Vineyard resident Todd Rebello agreed that next year's fare increases were nominal, although he believed that there was a little fluff in the Authority's fuel budget. But Mr. Rebello stated that his biggest concern was that island residents were slowly losing services, observing that the Authority had reduced the number of employees in its Martha's Vineyard Reservation Office from ten to four. Mr. Rebello also expressed his concern over those employees' working conditions, saying that the office was not adequately heated. Ultimately, Mr. Rebello said, when the Authority raises its fares as it had just done that day, it cannot cut service, and he did not want the Authority to relocate those jobs off-island, declaring that there is a human side to the Authority's operations and the jobs should stay on Martha's Vineyard.

Martha's Vineyard resident Caroline Hunter declared that the restrooms on the Authority's boats and in its terminals not only are dirty, but they also stink. Ms. Hunter noted that professional organizations usually have cleaning schedules posted for their restrooms, but that she had not seen any for the Authority's facilities. Further, Ms. Hunter said, she wanted to know more about the individual Members and could not find any information about them on the Authority's website. When Ms. Hunter then said that the Authority should provide some consideration for residents who need to travel off-island for medical concerns, Messrs. Hanover and Lamson noted that the Authority already had established such policies; and when Ms. Hunter asked whether the Authority allows the public to see proposed fare increases before they are voted on, Messrs. Hanover and Lamson observed that the staff's proposed fare increases are usually publicized at least a month before they are considered by the Members.

At approximately 11:07 a.m., Mr. O'Brien entertained a motion to go into executive session, announcing that a public discussion of the Authority's consideration of the purchase, exchange, lease or value of real property may have a detrimental effect on the Authority's bargaining positions. Mr. O'Brien stated that the matters for discussion included the deployment of security personnel and devices, and strategies with respect thereto, and potential sites for the relocation of the Authority's general offices, and that the public disclosure of any more information with respect to these matters would compromise the purposes for which the executive session was being called. Mr. O'Brien also announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to go into executive session to discuss the deployment of security personnel and devices, and strategies with respect thereto, and to consider the purchase, exchange, lease or value of real property.

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

A TRUE RECORD

Steven M. Sayers

STEVEN M. SAYERS, Clerk

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, October 21, 2014

Oak Bluffs Public Library
First Floor Meeting Room
56R School Street, Oak Bluffs, MA

1. **Agenda**
2. **Minutes of the September 23, 2014 Meeting in Public Session**
3. **Business Summary for the Month of August, 2014**
4. **Staff Summary #L-441 dated October 15, 2014 – Approval of License Agreement Renewal with SeaStreak LLC for Seasonal Passenger Service Between New Bedford and Martha's Vineyard**
5. **Staff Summary #L-442 dated October 15, 2014 – Approval of License Agreement with Island Commuter Corp. for Additional Service During the Period June 12, 2015 through June 18, 2015**

6 **Staff Summary #A-572 dated October 16, 2014 – Approval of the Proposed 2015 Operating Budget**

7. **Staff Summary #A-573 dated October 16, 2014 – Approval of Management's Proposed Rate Increases Effective January 6, 2015**
8. **Staff Summary #A-574 dated October 16, 2014 – Approval of Resolution Authorizing the Sale of Steamship Bonds to Refund the Authority's Outstanding Steamship Bonds 2004 Series B, Maturing the Years 2016 through 2021**
9. **Staff Summary #A-575 dated October 16, 2014 – Approval of Resolution Authorizing the Opening of an Account with FC Stone LLC in connection with the Authority's Vessel Fuel Price Hedging Program**
10. **Staff Summary #GM-641 dated October 16, 2014 – Dolphin Replacements-Slip #1 Vineyard Haven**
11. **Staff Summary #GM-642 dated October 16, 2014 – Fender and Dolphin Repairs – Slip #2 Woods Hole**
12. **Staff Summary #GM-644 dated October 16, 2014 – Two (2) New Modular Buildings at Palmer Avenue and Thomas B. Landers Parking Facilities**
13. **October 1, 2014 Port Council Minutes**

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

November 18, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 18th day of November, 2014, beginning at 9:30 a.m., in Rooms 104 and 105 of the Marine Biological Laboratory's Candle House, located at 127 Water Street, Woods Hole, Massachusetts. All five Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; Secretary Catherine N. Norton of Falmouth; John A. Tierney of New Bedford (who participated remotely by telephone conference call); and Robert F. Ranney of Nantucket.

Port Council Vice Chairman Robert R. Jones of Barnstable and Port Council members Robert V. Huss of Oak Bluffs and George J. Balco of Tisbury 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; Port Captain Charles G. Gifford; Reservations and Community Relations Manager Gina L. Barboza; Director of Information Technologies Mary T.H. Claffey; Facilities Engineer William J. Cloutier; Director of Human Resources Phillip J. Parent; Director of Marketing Kimberlee McHugh (who arrived at the end of the discussion regarding the results of the Authority's operations for September 2014); and General Counsel Steven M. Sayers.

Mr. Tierney's Remote Participation in the Meeting:

Mr. O'Brien began the meeting by announcing that he had been notified by Mr. Tierney that he desired to participate remotely in this meeting because his geographic distance from Woods Hole made his physical attendance today unreasonably difficult. Mr. O'Brien stated that he agreed with Mr. Tierney and that, as the Authority's Chairman, he had determined that Mr. Tierney's physical attendance was unreasonably difficult due to his geographic distance from Woods Hole and that, therefore, he may participate remotely in this meeting, which included voting on all matters as well. Mr. O'Brien noted that

Mr. Tierney would be doing so by telephone conference call, and that he would be clearly audible to the other Members and each of the other Members would be clearly audible to him.

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

Minutes:

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Ms. Norton -- to approve the minutes of the Members' meeting in public session on October 21, 2014.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for September 2014, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried more passengers (up 0.5%), more automobiles (up 1.5%) and more trucks (up 6.0%) during the month than it had carried during the same month in 2013. Mr. Lamson also reported that the Authority's operating revenues and other income were $585,000 higher in September 2014 than projected, and that its operating expenses and fixed charges were $450,000 lower than budgeted. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $3,090,000, approximately $1,035,000 higher than projected.

Mr. Lamson further reported that, for the first nine months of 2014, the Authority's operating revenues and other income had been around $2,314,000 higher than projected, and its operating expenses and fixed charges had been around $2,252,000 lower than budgeted. Mr. Lamson stated that some of this variance was a timing issue due to postponing certain major repair projects, including dolphin repairs at the Vineyard Haven terminal, a steering upgrade for the *M/V Nantucket* and the dry-docking of the *M/V Sankaty*, which were estimated to cost $327,000, $160,000 and $198,000, respectively. In addition, Mr. Lamson noted that the Authority's vessel fuel expense had been $634,000 lower than budgeted due to fewer gallons consumed (39,000 gallons) and a lower average cost per gallon ($3.26 compared to $3.50) than projected in the 2014 operating budget. As a result, Mr. Lamson said, the Authority's net operating income for the first nine months of 2014 had been $13,035,000, more than $4,566,000 higher than the amount projected in the Authority's 2014 operating budget.

Construction of the *M/V Woods Hole*:

Mr. Lamson then reported that, the prior week, he had authorized an addendum to the invitation for bids for the construction of the Authority's new passenger/freight vessel, the *M/V Woods Hole*, which extended the deadline for the submission of bids by one week, until the following Tuesday, November 25, 2014. Mr. Lamson noted that the addendum also allows the successful bidder an additional 30 days to deliver the *M/V Woods Hole* to Fairhaven. As a result, Mr. Lamson said, assuming that the contract is awarded at the Members' next meeting on December 9, 2014, as anticipated, the Authority can expect the vessel to be delivered to Fairhaven by May 7, 2016. Mr. Lamson also stated that he believed issuing the addendum was in the Authority's best interests, as it increased the opportunity to receive as many responsive bids as possible for the contract.

In response to a question from Mr. O'Brien, Mr. Lamson stated that the Authority already had received one bid for the contract, which will be held until the deadline for the submission of bids the following Tuesday. Then, in response to a question from Mr. Hanover, Mr. Lamson stated that, after the vessel is delivered to Fairhaven, the Authority will still need a couple of weeks for crew training and familiarization before it can place the vessel into service, and that this training will include the deployment of the vessel's evacuation slide and rafts, which will then have to be repacked. But Mr. Lamson said that he still hoped to have the vessel in service just before Memorial Day of 2016.

Palmer Avenue Parking Lot Improvements:

Mr. Lamson reported that he was disappointed in how the landscaping had turned out for Phase 2 of the Palmer Avenue Parking Lot Improvements Project, particularly with respect to the screening that was supposed to be in place along Palmer Avenue. Accordingly, Mr. Lamson said, the Authority was now working with its regular landscaper who acquired and planted some additional shrubs on short notice a few weeks ago, and will be making additional landscaping improvements next spring, particularly in the area around the parking lot entrance. Mr. Lamson also noted that the original landscaper is still responsible for replacing any of its plants that do not survive for a year.

Mr. Lamson also reported that the last phase of the project is to erect a building in the area where the old concrete building was located. Mr. Lamson stated that the new building, which will have a waiting area, restrooms, an employees' break room, a manager's office and a car rental counter, was expected to be completed next spring.

Ms. Norton observed that there really is still a lot of work to be done with respect to the parking lot's landscaping, which she observed is not pretty at all. For example, Ms. Norton said, the original landscaper had put in plants that have not survived and the area where shuttle buses pick up most of the Authority's customers looks like a wasteland. Ms. Norton stated that she hopes whoever is responsible for the landscaping does a good job, as the lot is the public's entrance to the Authority and their first impression. Accordingly, Ms. Norton said, it should look very inviting, but at the moment it certainly does not.

Thomas B. Landers Road Parking Facility:

Mr. Lamson reported that work was continuing on the construction of the Authority's new consolidated parking lot on Thomas B. Landers Road and that the re-grading of the property had begun. However, Mr. Lamson noted that the contractor had encountered a large number of rocks that will need to be buried on the site or trucked off site, and that the Authority will be responsible for the additional cost of disposing those rocks because it had provided boring samples to potential bidders which did not show their presence. Mr. Lamson stated that this had resulted in a change order in the amount of $22,000.

Mr. Walker stated that he had met with the contractor the previous day and that the work was progressing well. Indeed, Mr. Walker said, although the contractor's project manager had taken the position that the project was on schedule, Mr. Walker believed that the project was ahead of schedule despite the problem with the rocks, which Mr. Walker said was waning. Mr. Walker also reported that the soil had been tested for water filtration and compaction, that the contractor had a plan to bring it up to subgrade, and that in a couple of weeks the entire length of the property will look like one parking lot.

New Modular Building for the
Fairhaven Vessel Maintenance Facility:

Mr. Lamson then reported that the contractor had ordered the materials for the Authority's new modular building at the Fairhaven Vessel Maintenance Facility and is looking to complete the pre-erection site work and foundation before winter. However, Mr. Lamson cautioned the Members that they will not see any physical progress in the erection of the building until the following spring and the building (which will be similar in both style and color to the other modular building on the property) is not expected to be completed until the end of July 2015.

Mr. Lamson also reported that the Massachusetts Secretary of Transportation had signed the Authority's oversight agreement with the Massachusetts Department of Transportation. As a result, Mr. Lamson said, the Authority was now in a position to be reimbursed for $1,133,792 of the project's cost.

Woods Hole Terminal Reconstruction Feasibility Study:

Mr. Lamson reported that the staff was continuing to work on evaluating a list of potential sites for the relocation of the Authority's General Offices and that the Members would be provided with a further update of the status of this project in executive session. Mr. Lamson noted that this was the last issue that needed to be addressed as part of the feasibility study for the Woods Hole terminal reconstruction project and that, once the feasibility study was completed, the Authority could move forward with the project's design and permitting phases.

Tisbury Park and Ride Agreement:

Mr. Lamson then asked the Members to approve a new 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 and Ride parking lot and the Authority's Vineyard Haven terminal through December 31, 2016. Mr. Lamson stated that, at their meeting on November 5, 2014, the Port Council had voted unanimously to recommend the renewal of the parties' previous agreement with one change requested by the Town of Tisbury, namely, requiring the Town to make the lot available to all persons who wish to park their vehicles for only four days of free parking instead of seven days. Mr. Lamson stated that he agreed with the Port Council's recommendation, observing that it did not include another request by the Town, namely, that the Town be given the ability to restrict portions of the lot for as much long-term parking as the Town determined to be appropriate.

Mr. Hanover recounted how Tisbury Town Administrator John W. (Jay) Grande had attended the Port Council meeting and reported that the Town had not yet decided how it was going to proceed with changes to the parking lot's operation. But Mr. Hanover observed that the parking lot was a service for the Authority's customers and that the vast majority of people who park in the lot do so in order to travel on the Authority's boats. Mr. Hanover therefore encouraged the other Members to vote to approve the new agreement.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve and authorize the General Manager to execute a new "Park and Ride" agreement with the Town of Tisbury and the Martha's Vineyard Regional Transit Authority with a term ending December 31, 2016, as recommended by management in Staff Summary #GM-640, dated November 13, 2014.

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

Additional Service and Schedule Changes
from September 9, 2015 through January 3, 2016:

Mr. Lamson reported that, in response to concerns that had been raised that the Authority had not provided a sufficient level of service for island residents during the late summer and early fall this past year, the staff was recommending that the Authority provide additional service during those time periods in 2015, as follows:

- On the Martha's Vineyard route, to operate the *M/V Katama* during the Fall Schedule with earlier departure times during the day (leaving Vineyard Haven at 6:30 a.m., 8:30 a.m. and 11:00 a.m. instead of the previously approved times of 7:15 a.m., 9:45 a.m. and 12:15 p.m.) to accommodate island residents who wish to travel off-island as early in the day as possible.

- Also on the Martha's Vineyard route, to man the *M/V Governor* for up to the first six days of the Fall Schedule with a single crew, thus making it capable of operating up to 12 hours per day depending upon weather conditions and service demands.

- On the Nantucket route, to man the *M/V Sankaty* with two single crews from September 9 through Friday, September 18, 2015, instead of with only one single crew from September 9 through Thursday, September 17, 2015, thereby making it possible for the vessel to provide up to three trips each of those days if there is a need for additional service.

Mr. Lamson also noted that, at their meeting on November 5, 2014, the Port Council had voted unanimously to recommend approval of these changes to the Authority's service schedule.

Mr. Hanover stated that, while he understood what the staff was proposing, he was concerned that the only additional trips available on the Martha's Vineyard route would be provided by the *M/V Governor* during the first six days of the Fall Schedule, and he suggested that, if the trips of the Authority's other vessels on that route sell out, the Authority book reservations on the *M/V Governor* during those six days and possibly double crew the vessel as well. Mr. Lamson agreed, although he cautioned that the Authority would not be able to book reservations on the *M/V Governor* until it is close to the vessel's sailing dates and the staff concludes, based upon the weather forecast, that there is a pretty good chance the vessel will be able to run.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Ms. Norton -- to approve the supplemental service and schedule changes for the period from September 9, 2015 through January 3, 2016, as recommended by management in Staff Summary #GM-647, dated November 13, 2014.

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

2015 Reservation Opening Dates:

Mr. Lamson reviewed with the Members the Authority's 2015 reservation opening dates when members of the public will be able to make vehicle reservations to travel during the Authority's 2015 summer and fall schedules. With respect to reservations for the Summer Schedule (May 15, 2015 through October 14, 2015), Mr. Lamson noted that:

- Headstart reservations will be accepted (by mail and internet only) from January 6, 2015 through January 11, 2015
- Reservations for the general public will be accepted by mail and over the internet beginning January 13, 2015.
- Telephone reservations for the general public can be made beginning January 20, 2015.

Then, with respect to reservations for the Fall Schedule (October 15, 2015 through January 3, 2016), Mr. Lamson noted that reservations for the general public will be accepted (by mail, internet and telephone) beginning June 22, 2015.

In addition, Mr. Lamson observed that the "reservation-only" days for vehicles traveling on the Martha's Vineyard route will be every Friday, Saturday, Sunday and Monday from June 19 through September 7, as well as from May 22 through May 26 (around Memorial Day), and October 9 and

October 12 (around Columbus Day), and that customers will be able to call the Authority's Reservation Office until 9:00 p.m. on those days in order to make reservations by telephone as well as on the internet.

Resolution Authorizing the Sale of Steamship Bonds:

Mr. Davis reported that, the previous day, the Authority had refunded $22,765,000 of its 2004 Series B Steamship Bonds that otherwise would have matured in the following seven years by issuing $20,105,000 of new Steamship Bonds that mature on the same dates with an average coupon rate of 4.947%. Mr. Davis noted that the purchaser of the bonds also paid a premium on the bonds, which resulted in a true interest cost of 1.1878277%, or a net interest savings of around $2,619,000, over the next seven years, and that the closing will take place on December 2, 2014.

In response to a question from Ms. Norton, Mr. Davis stated that there was a strong market for the Authority's Steamship Bonds, as evidenced by the fact that, not only were eleven bids submitted, but they were also all very close in price.

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

Mr. Davis asked the Members to approve the renewal of the Authority's transportation agreement with the Martha's Vineyard Regional High School District for school-related approved transportation for the period from July 1, 2015 through June 30, 2016. Mr. Davis recounted how the Authority enters into the agreement every year to establish a fixed price for the transportation of student groups, teachers, administrators and game officials on school-approved travel for the District's upcoming fiscal year (beginning July 1st), and that the fixed price is intended to reflect approximately a 50% discount over applicable tariff rates. Mr. Davis also noted that, for each of the last four years, the agreement established a fixed price of $60,000, which reflected approximately a 50% discount over applicable tariff rates, and that the staff was recommending that the fixed price under the new agreement again remain at $60,000 despite the passenger fare increase that will go into effect on the Martha's Vineyard route in January 2015, as the amount of school-approved travel decreased slightly this past year.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to authorize the General Manager to execute a new transportation agreement with the Martha's Vineyard Regional High School District for school-related approved transportation for a fixed price of $60,000 for the period from July 1, 2015 through June 30, 2016, as recommended by management in Staff Summary #A-576, dated November 12, 2014.

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

2015 Capital Budget:

Mr. Davis then asked the Members to approve the staff's proposed 2015 Capital Budget, which included 18 new capital projects and a $250,000 allowance for miscellaneous projects costing less than $50,000 each, with an aggregate estimated cost of $54,796,000. Mr. Davis also stated that the staff planned to issue $40,000,000 in bonds for the construction of the *M/V Woods Hole* and $6,000,000 in bond anticipation notes for the construction of the new administrative offices. As a result, Mr. Davis said, after the completion of those projects and the Authority's current capital projects that already have been approved, the Authority should still have around $435,000 for any contingencies or potential additional capital projects in its various special purpose funds, after an estimated $4,892,000 of additional net fund transfers are made in 2014 into the Replacement Fund and/or the Bond Redemption Account. Mr. Davis stated that the new capital projects included:

(a) Replacement of two shuttle buses for the Woods Hole operations.

(b) Replacement of one shuttle bus for the Hyannis operations.

(c) Replacement of eight rescue boats.

(d) Design and engineering for the reconstruction of the Woods Hole terminal.

(e) Design and engineering for the construction of the new administrative offices.

(f) Site improvements for the property at 123 School Street, Hyannis.

(g) Design and engineering for the *M/V Martha's Vineyard* mid-life refurbishment.

(h) Router hardware replacements.

(i) Security and SPAM filter upgrades.

(j) Construction of the *M/V Woods Hole.*

(k) Construction of the Authority's new administrative offices.

Finally, Mr. Davis noted that, at their meeting on November 5, 2014, the Port Council had voted unanimously to recommend that the staff's proposed 2015 Capital Budget be approved.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Ms. Norton -- to adopt the Authority's 2015 Capital Budget as proposed by management in Staff Summary #A-577, dated November 12, 2014.

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

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

Mr. Lamson then asked the Members to award Contract No. 19-14 for dry-dock and overhaul services for the *M/V Katama* to SENESCO Marine LLC of North Kingstown, Rhode Island, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $953,256. Mr. Lamson noted that the *M/V Katama* is scheduled to go into the shipyard from early February 2015 to early March 2015 to undergo a required United States Coast Guard hull exam, machinery inspections, underwater hull cleaning, underwater hull painting, exterior painting, hull plate replacement, grid cooler replacements, bow thruster overhaul, HVAC installations in voids #2, #3 and #4, and main deck bulwark modifications.

In response to a question from Ms. Norton, Mr. Lamson acknowledged that SENESCO's bid was approximately $125,000 lower than the Authority's budget estimate for this work, and he noted that the difference could have been attributable, at least in part, to the availability of the shipyard during the period of the proposed dry-dock. Mr. Lamson noted that this particular invitation for bids had been issued earlier than previous ones, thereby giving shipyards the ability to schedule their work. Mr. Lamson stated that hopefully this has resulted in the Authority saving money, provided there are not any significant change orders afterwards.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Ms. Norton -- to award Contract No. 19-14 for dry-dock and overhaul services for the *M/V Katama* to the lowest eligible and responsible bidder for the contract, SENESCO Marine LLC of North Kingstown, Rhode Island, for a Total Contract Price of $953,256, as recommended by management in Staff Summary #E 2014-22, dated November 13, 2014.

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

Oak Bluffs Terminal Dock Repairs:

Mr. Lamson asked the Members to award Contract No. 22-14 for dock repairs at the Oak Bluffs terminal to MIG Corporation, Inc. of Acton, Massachusetts, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $937,357. Mr. Lamson noted that, at their meeting on September 23, 2014, the Members had authorized him to award this contract after bids for the contract were opened. However, Mr. Lamson stated that, given that the cost of the contract turned out to be more than $437,000 higher than the $550,000 budget estimate for this work, he thought it best for the Members to consider the award of this contract themselves.

Nevertheless, Mr. Lamson pointed out that the Authority had little choice but to award this contract, as all of the bids received were in the same general range or higher. Mr. Lamson also noted that the staff had rejected the lowest bid because that bidder did not meet the minimum qualifications required in the invitation for bids. In response to a question from Mr. Hanover, Mr. Walker stated that the contract work includes decking repairs of the old part of the dock. Mr. Cloutier also noted that the dolphin fenders being repaired are seven years old and, under the contract, will be replaced with a different cylinder-type of fenders that will be much more durable.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to award Contract No. 22-14 for dock repairs at the Oak Bluffs terminal to the lowest eligible and responsible bidder for the contract, MIG Corporation, Inc. of Acton, Massachusetts, for a Total Contract Price of $937,357, as recommended by management in Staff Summary #E 2014-23, dated November 13, 2014.

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

Change Order to the Professional Services
Contract with Green Seal Environmental, Inc.:

Mr. Lamson then asked the Members to authorize a change order to the Authority's professional services contract with Green Seal Environmental, Inc. in the amount of $141,181.10, pursuant to which Green Seal would provide a resident observer during the construction of the Authority's consolidated parking facility at Thomas B. Landers Road, as well as final "as-built" drawings upon completion of the project. Mr. Lamson stated that, at the time the parties entered into the contract, the Authority had someone in mind to hire as the resident observer who had worked on a similar porous pavement project in Provincetown, but it has turned out that he is not available for this project. As a result, Mr. Lamson said, the staff now wished to have Green Seal provide this service.

In response to a question from Ms. Norton, Mr. Lamson stated that the amount the Authority will be paying Green Seal for this service was approximately the same amount that the Authority had expected to pay the other person to be the resident observer. Mr. Hanover then expressed some concern that Green Seal would be providing an observer to oversee its own work, but Mr. Sayers noted that Green Seal will actually be overseeing the contractor's work to ensure that it complies with Green Seal's specifications.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Ms. Norton -- to approve a change order and amendment to the Authority's professional services contract with Green Seal Environmental, Inc. in the amount of $141,181.10, as recommended by management in Staff Summary #E 2014-21, dated November 13, 2014.

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

Procurement Policy:

Mr. Lamson noted that, while he had asked the Members to approve the change order to Green Seal's contract because the amount was over $100,000, there had been a few change orders to other contracts over the years that he had approved without the Members' authorization even though they similarly were for more than $100,000. Mr. Lamson suggested that the Authority formalize the procedural requirements for those change orders, observing that, when significant change orders need to be approved on a timely basis so that the Authority's scheduling is not adversely affected, he could approve them and then explain the reasons for his actions at the following Authority meetings.

However, Mr. Hanover expressed his concern about the absence of any monetary limit on the General Manager's authority to approve change orders, observing that the Members have a fiduciary responsibility for the Authority's overall management. After Ms. Norton then suggested that the Members might want to create a small finance committee for these matters, Mr. Sayers stated that the staff would discuss this subject and present the Members with a proposed revision to the Authority's Procurement Policy for their consideration at the Authority's next meeting on December 9, 2014.

Port Council's Report:

Mr. Jones reported that, at their meeting earlier in the month, the Port Council had discussed many of the matters that had been discussed or decided by the Members today, including the renewal of the Tisbury Park and Ride agreement. Mr. Jones also noted that, at the meeting, Mr. Davis had reported that, since the Authority began its fuel price hedging program in 2009, it had spent around $2,500,000 to buy options and had received around $1,300,000 when selling them. Mr. Jones also observed that the Authority's funding of the Tisbury Park and Ride service might have implications for the funding of park and ride services in the Authority's other port communities, and he suggested that the Authority might want to consider whether it needs to develop a policy on that subject or whether it should make each funding decision on a case-by-case basis.

Mr. Jones then recounted how OLEV Technologies, Inc. had given a great presentation to the Port Council on its proposed pilot project to provide the Authority with three battery-powered electric buses that will be recharged via wireless inductive charging. Mr. Jones noted that this will be the first such project in the United States and that OLEV effectively will pay for the service for the first five years, after which the Authority will have an option to purchase the buses. If successful, Mr. Jones said, each year the electric buses will result in $10,000 of fuel savings as well as $2,000 in lower maintenance costs.

Mr. Jones reported that the Port Council is very supportive of OLEV's pilot project and that the only potential problem he saw with their proposal was the need for the charging stations to draw power from the grid. Mr. Jones observed that, when the grid goes out, there will have to be another power source or the Authority will then have to rely on diesel-powered buses.

At approximately 10:37 a.m., Mr. O'Brien entertained a motion to go into executive session, announcing that a public discussion of the Authority's consideration of the purchase, exchange, lease or value of real property may have a detrimental effect on the Authority's bargaining positions. Mr. O'Brien stated that the matters for discussion included potential sites for the relocation of the Authority's general offices and Falmouth real estate, and that the public disclosure of any more information with respect to these matters would compromise the purposes for which the executive session was being called. Mr. O'Brien also announced that the Members would not reconvene in public after the conclusion of the executive session.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to go into executive session to consider the purchase, exchange, lease or value of real property.

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

A TRUE RECORD

Steven M. Sayers
STEVEN M. SAYERS, Clerk

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, November 18, 2014

Marine Biological Laboratory's Candle House-Rooms 104 & 105
127 Water Street, Woods Hole, MA

1. **Agenda**
2. **Minutes of the October 21, 2014 Meeting in Public Session**
3. **Business Summary for the Month of September, 2014**
4. **Staff Summary #GM-640 dated November 13, 2014 – Approval of Tisbury Park and Ride Agreement**
5. **Staff Summary #GM-647 dated November 13, 2014 – Approval of Proposed Additional Service and Schedule Changes**
6. **Staff Summary #RCR 05-14 dated November 13, 2014 – 2015 Reservation Opening Dates**
7. **Staff Summary #A-578 dated November 17, 2014 – Bid Results on the Sale of Steamship Authority Bonds**
8. **Staff Summary #A-576 dated November 12, 2013 – Approval of Martha's Vineyard Regional High School Transportation Agreement**
9. **Staff Summary #A-577 dated November 12 – Approval of Proposed 2015 Capital Budget**
10. **Staff Summary #A-578 dated November 17, 2014 – Bid Results on the Sale of the Steamship Authority's Bonds**
11. **Staff Summary #E2014-22 dated November 13, 2014 – Contract No. 19-14 "Dry Dock and Overhaul of the M/V Katama"**
12. **Staff Summary #E2014-23 dated November 13, 2014 – Contract No. 22-14 "Dock Repairs – Oak Bluffs"**
13. **Staff Summary #E2014-21 dated November 13, 2014 – Approval of Additional Construction Phase Services in Connection with the Final Design and Engineering for the Thomas B Landers Road Parking Facility**
14. **November 5, 2014 Port Council Minutes**

MINUTES

OF THE

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

December 11, 2014

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 11th day of December, 2014, beginning at 10:30 a.m., in the second floor meeting room of the Authority's Hyannis terminal, located at 141 School Street, Hyannis, Massachusetts. Four Members were present: Chairman Robert L. O'Brien of Barnstable; Vice Chairman Marc N. Hanover of Dukes County; John A. Tierney of New Bedford (who participated remotely by telephone conference call); and Robert F. Ranney of Nantucket. Secretary Catherine N. Norton of Falmouth was not present.

Port Council Vice Chairman Robert R. Jones of Barnstable and Port Council members Robert V. Huss of Oak Bluffs and George J. Balco of Tisbury 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; Port Captain Charles G. Gifford; Reservations and Community Relations Manager Gina L. Barboza; Director of Information Technologies Mary T.H. Claffey; Director of Human Resources Phillip J. Parent; Director of Marketing Kimberlee McHugh; and General Counsel Steven M. Sayers.

Mr. Tierney's Remote Participation in the Meeting:

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

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

Mr. O'Brien then welcomed Falmouth Selectman Rebecca Moffitt and Woods Hole Community Association Co-President Catherine Bumpus, and he thanked them for attending today's meeting.

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 November 18, 2014.

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

Results of Operations:

Mr. Lamson summarized the results of the Authority's operations for October 2014, as set forth in a business summary for that month which had been provided to the Members and the public. Mr. Lamson reported that the Authority had carried more passengers (up 2.6%), more automobiles (up 2.4%) and more trucks (up 3.7%) during the month than it had carried during the same month in 2013, and that these traffic figures included a 16.3% increase in the number of passengers carried that month on the Authority's high-speed ferry between Hyannis and Nantucket. Mr. Lamson also reported that the Authority's operating revenues and other income were $1,211,000 higher in October 2014 than projected, and that its operating expenses and fixed charges were $360,000 higher than budgeted, with most of the increases in expenses coming from a number of various maintenance expense line items. As a result, Mr. Lamson said, the Authority's net operating income for the month had been around $240,000, approximately $851,000 higher than projected.

Mr. Lamson further reported that, for the first ten months of 2014, the Authority's operating revenues and other income had been around $3,525,000 higher than projected, and its operating expenses and fixed charges had been around $1,892,000 lower than budgeted, with the Authority's vessel fuel expense being $792,000 lower than budgeted due to a combination of fewer gallons consumed and a lower average cost per gallon than projected in the 2014 operating budget. As a result, Mr. Lamson said, the Authority's net operating income for the first ten months of 2014 had been $13,701,000, which was more than $5,417,000 higher than the amount projected in the Authority's 2014 operating budget.

Palmer Avenue Parking Lot Improvements:

Mr. Lamson reported that the contractor for the Authority's new modular building at the Palmer Avenue parking lot had broken ground at the site and had started work on the building's foundation. When the building is completed next year, Mr. Lamson said, it will have an office, break room and lockers for the Authority's parking lot employees and shuttle bus drivers, restrooms for employees and the public, a small customer waiting area, and a counter area for a rental car company. (Mr. Lamson noted that the Authority has a rental car counter at its Hyannis terminal and the staff thought that a similar counter at the Palmer Avenue parking lot will provide another option for Vineyard residents and visitors to pick up and drop off rental cars.) Mr. Lamson also reported that the new building is expected to be completed by next spring.

New Modular Building for the
Fairhaven Vessel Maintenance Facility:

Mr. Lamson then reported that the contractor for the Authority's new modular building at the Fairhaven Vessel Maintenance Facility similarly had broken ground at that site and had started work on the building's foundation. Mr. Lamson mentioned that, during this work, the contractor had found an old railroad car that had been buried underground there, but he stated that the discovery did not present any environmental issues and that the work was still proceeding on schedule.

Thomas B. Landers Road Parking Facility:

Mr. Lamson reported that work was progressing at the site of the Authority's new consolidated parking lot on Thomas B. Landers Road and that the contractor was on schedule, if not ahead of schedule. Mr. Lamson noted that the number of rocks encountered by the contractor while grading the property had diminished to the point where it was no longer a significant problem. However, Mr. Lamson stated that, after two recent heavy rainstorms, the Authority had received complaints from the Town Engineer for the Town of Falmouth, which owns the waste management facility next door, about storm water runoff from the Authority's property, but he assured the Members that the Authority's engineers had followed up on those complaints to make certain that the contractor is complying with all of its obligations in that regard.

Woods Hole Terminal Reconstruction Feasibility Study:

Mr. Sayers asked the Members to approve Bertaux + Iwerks Architects, LLC's report for the feasibility study for the reconstruction of the Woods Hole terminal. Mr. Sayers noted that, over the past few months, the Authority had needed to decide where its administrative offices will be relocated before it can begin the terminal reconstruction project and that, after evaluating a list of potential properties, the staff had reached a consensus that the Authority's Palmer Avenue parking lot appears to be the best location for the offices, assuming that public access to the building can be achieved for visitors' vehicles without having to go through the parking lot gates. Mr. Sayers stated that Bertaux + Iwerks will now be asked to provide the Authority with several options as to where the new office building can be located on the property and that, with the approval of the feasibility study report, the Authority would now be in a position to move forward with the design and engineering for the terminal reconstruction project.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to approve Bertaux + Iwerks Architects, LLC's draft report for the Woods Hole terminal reconstruction feasibility study, as modified in the manner described by management in Staff Summary #GM-648, dated December 4, 2014.

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

Delegation of Change Order Approvals to the General Manager:

Mr. Lamson then asked the Members to approve a proposed revision to the Authority's Procurement Policy which would delegate the approval of certain change orders in excess of $100,000 to the General Manager under special circumstances. Mr. Lamson noted that, under the proposed revision, the General Manager would be authorized to approve change orders in the amount of up to $200,000; provided, however, that if the amount exceeds $100,000, the General Manager would be required to:

1. Certify in writing that a delay in the authorization of the change order to allow the Members to consider it at their next regularly scheduled meeting would adversely affect the progress of the work being performed under the contract, describing the circumstances surrounding the contract and the change order, and explaining the reasons why the delay in approving the change order would be detrimental to the Authority's operations;

2. Provide a copy of the certification to the Members prior to their next regularly scheduled meeting; and

3. Provide an oral report on the need for the change order at the Members' next scheduled meeting.

Mr. Lamson also noted that, at their meeting on December 3, 2014, the Port Council had voted to recommend that the Members approve the proposed revision.

IT WAS VOTED -- upon Mr. Tierney's motion, seconded by Mr. Hanover -- to approve a revision to the Authority's Procurement Policy delegating the approval of certain change orders in excess of $100,000 to the General Manager in special circumstances and under specified conditions, as recommended by management in Staff Summary #GM-649, dated December 4, 2014.

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

Construction of the *M/V Woods Hole*:

Mr. Lamson then asked the Members to award Contract No. 16-14 for the construction of the Authority's new passenger/vehicle ferry, the *M/V Woods Hole*, to Conrad Shipyard, L.L.C., of Morgan City, Louisiana, the lowest eligible and responsible bidder for the contract, for a total contract price of $36,448,000. Mr. Lamson noted that, on Tuesday, November 25, 2014, the Authority had received two bids for the contract, the one from Conrad and a second one from Eastern Shipbuilding Group, Inc. of Panama City, Florida, in the amount of $40,994,000. Mr. Lamson also recounted how Mr. Walker, Captain Edward Jackson of Marine Systems Corp., and Brian King of Elliott Bay Design Group had traveled to Conrad's shipyard the previous week, had met with Conrad's representatives and toured the facilities, and had left the shipyard with the conclusion that Conrad is very capable of constructing this vessel in accordance with the Authority's contract requirements and has the required experience to do so.

Mr. Lamson reported that the staff also has established a $40,236,500 overall budget for the project, including the estimated cost of design and engineering services, owner-furnished equipment, the cost of having Authority representatives at the shipyard during the appropriate stages of vessel construction beginning in February 2015, and an allowance of 2.5% for unforeseen contingencies.

In response to a question from Mr. O'Brien, Mr. Walker stated that Conrad previously has worked around the height restrictions on vessels built at its Morgan City shipyard due to bridges over the Atchafalaya River between the shipyard and the Gulf coast. Specifically, Mr. Walker said, Conrad has built other vessels in stages, with the lower decks constructed in its Morgan City shipyard before the hulls are moved to Conrad's other shipyard in Amelia, Louisiana, where they are launched by barge and flipped right side up, and the upper decks then installed. Mr. Walker stated that this process appears to be a routine matter for Conrad and not an issue at all. When Mr. Hanover stated that he was going to miss the side launching of the vessel, Mr. O'Brien declared that he was just as happy that there would not be one, recounting how the *M/V Martha's Vineyard* had gotten hung up on the rails for an entire day.

In response to a question from Mr. Hanover, Mr. Lamson stated that he did not have an answer as to why Eastern's bid was almost $4,500,000 more than Conrad's bid. Mr. Lamson speculated that Eastern may not have had to sharpen its pencil because it already has enough other work scheduled.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract No. 16-14 for the construction and delivery of one 235-foot passenger/vehicle ferry, the *M/V Woods Hole*, to Conrad Shipyard, L.L.C. of Morgan City, Louisiana, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $36,448,000, as recommended by management in Staff Summary #E2014-24, dated December 4, 2014.

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

Dry-dock and Overhaul Services for the *M/V Island Home*:

Mr. Lamson then asked the Members to award Contract No. 25-14 for dry-dock and overhaul services for *M/V Island Home* to the lowest eligible and responsible bidder for the contract, Thames Shipyard & Repair Company of New London, Connecticut, for a Total Contract Price of $948,893. Mr. Lamson stated that the *M/V Island Home* is scheduled to go into the shipyard from early March 2015 to early April 2015 to undergo a required United States Coast Guard hull exam, machinery inspections, underwater hull cleaning and painting, superstructure painting, rub rail repairs and installation of anti-swaying equipment for the lift decks.

Mr. Lamson also noted that the amount of the bid had exceeded the staff's cost estimate due, in part, to the fact that the Authority subsequently had decided to increase the scope of the vessel's painting. Mr. Lamson stated that the staff was now planning to have more painting of the Authority's vessels performed at shipyards instead of the Fairhaven Vessel Maintenance Facility.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to award Contract No. 25-14 for dry-dock and overhaul services for the *M/V Island Home* to the lowest eligible and responsible bidder for the contract, Thames Shipyard & Repair Company of New London, Connecticut, for a Total Contract Price of $948,893, as recommended by management in Staff Summary #E 2014-25, dated December 8, 2014.

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

Purchase of One Tees White Gill Cross Shaft Bow Thruster:

Mr. Lamson then asked the Members to award Contract 27-14 for the supply and delivery of a Tees White Gill Model #40CS Cross Shaft Bow Thruster to Tees Components Limited of Cleveland, United Kingdom, the lowest eligible and responsible bidder for the contract, for a Total Contract Price of $274,965. Mr. Lamson noted that the bow thruster is being purchased as owner-furnished equipment to be installed in the *M/V Woods Hole*, and is a refurbished unit of the same model of bow thruster as the one that is installed on the *M/V Martha's Vineyard*.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Tierney -- to award Contract No. 27-14 for the supply and delivery of one Tees White Gill Model #40CS Cross Shaft Bow Thruster to the lowest eligible and responsible bidder for the contract, Tees Components Limited of Cleveland, United Kingdom, for a Total Contract Price of $274,965, as recommended by management in Staff Summary #E 2014-26, dated December 8, 2014.

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

Purchase of Thomas B. Landers Parking Lot
Parking Access and Revenue Control System:

Mr. Lamson asked the Members for authorization to award Contract No. 01-2015 for a parking access and revenue control system for the Authority's new consolidated parking lot at Thomas B. Landers Road to the lowest eligible and responsible bidder after bids for the contract are opened next month. Mr. Lamson noted that the contract would be considered a sole source because only one vendor can supply and integrate the new equipment with the system that the Authority has at all of its other parking lots in Falmouth and Hyannis, but that the Authority has to award the contract through competitive bids in order to comply with state law. Mr. Lamson also stated that, once the contract is awarded, the lead time for the delivery of the system is 90 days and that the estimated cost of the equipment is $210,000.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to authorize the General Manager to award Contract No. 01-2015 for the Thomas B. Landers parking lot parking access and revenue control system to the lowest eligible and responsible bidder for the contract when bids for the contract are opened on January 5, 2015, as recommended by management in Staff Summary #TPF 2014-4, dated December 3, 2014.

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

Resolution Authorizing the Sale of Steamship Bonds:

Mr. Davis asked the Members to adopt a bond resolution authorizing the Treasurer, on behalf of the Authority, to issue and sell on a competitive basis not later than January 26, 2015 pursuant to an Official Notice of Sale and at a price not less than part and accrued interest, up to $38,250,000 of Steamship Bonds. Mr. Davis stated that the proceeds of the bonds, along with the anticipated bond premium received, will be used to construct the *M/V Woods Hole* and to pay for the costs of the bonds' issuance.

Mr. Davis also noted that the Authority currently has $44,685,000 of outstanding bonds (with a maximum bond authorization of $100,000,000) and that, with the payment schedules of those other outstanding bonds in mind, the Authority's fiscal advisor for bond issues had provided the Authority with four options on how the payment schedules for the new bonds could be structured:

- Option 1. Straightforward 20-year issue, using a level debt service for this issue, resulting in nearly $10,000,000 in annual aggregate debt service payments through 2020.

- Option 2. Layered on top of existing debt for 14 years, resulting in approximately $9,000,000 in annual aggregate debt service payments through 2021 and then $5,500,000 thereafter.

- Option 3. A slight variation of Option 2, but with annual aggregate debt service payments kept as low as possible from 2016 through 2020 and then prescribing level annual aggregate debt service payments until 2029.

- Option 4. A 20-year issue, with minimum annual debt service payments in the early years and then straight-line principal payments, resulting in "step downs" of the annual aggregate debt service payment requirements.

Mr. Davis stated that, while each option has its own advantages and disadvantages, the staff was recommending Option 3, or a slight variation thereof, as the preferred alternative. Mr. Davis noted that Option 3 would minimize near-term debt service increases while shortening the term by six years compared to two of the other options, and that Option 3 also allows for future capital needs to be accommodated within the Authority's existing debt capacity. Mr. Davis observed that, combining the existing debt with the estimated debt service for the new issue (and assuming a 3.35% net interest rate), the Authority's estimated annual debt service payments would be around $8,800,000 per year for the next seven years and then around $5,800,000 in years 2022 through 2029.

In response to a question from Mr. Hanover, Mr. Davis stated that, under Option 3, the Authority would not pay any of the principal of the new bonds for the first few years until other Steamship Bonds are paid off, after which the Authority will begin to pay off the new bonds more aggressively than under the other options. Mr. Davis noted that, under Option 3, the Authority's initial annual debt service payments would be around $8,800,000, while they would be around $10,000,000 under Option 1.

Mr. Hanover then observed that, after this bond issue, the Authority will have more than $80,000,000 of outstanding bonds with a maximum bond authorization of only $100,000,000. Therefore, he asked whether it would make sense to pay off the new bonds more quickly so that the Authority can fund another vessel in a few years with a subsequent bond issue. In response, Mr. Lamson noted that, over the next few years, the Authority will still be paying down the amount of its existing bonds, so the amount of the Authority's available bonding capacity will continue to increase every year. Mr. Lamson also noted that, while the new bonds will not be callable for the first ten years, they will be callable thereafter.

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Mr. Ranney -- to adopt a Bond Resolution authorizing the Treasurer, on behalf of the Authority, to issue and sell on a competitive basis not later than January 26, 2015 pursuant to an Official Notice of Sale and at a price not less than par and accrued interest, up to $38,250,000 of Steamship Bonds, in the form prepared by the Authority's bond counsel, Edwards Wildman Palmer LLP, as recommended by management in Staff Summary #A-579, dated December 5, 2014.

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

Port Council's Report:

Mr. Jones reported that, at their meeting earlier in the month, the Port Council had discussed many of the matters that had been discussed or decided by the Members today. Mr. Jones also reported that there had been one dissenting vote when the Port Council recommended that the Members delegate authorization to the General Manager to approve certain change orders up to $200,000, but that the matter was now concluded.

Mr. Jones then announced that, also at their meeting, the Port Council had elected him to serve as its Chairman next year, Mr. Huss to serve as its Vice Chairman and Mr. Balco to serve as its Secretary. Mr. Jones also noted that, at their next meeting in January 2015, the Port Council will be discussing the Authority's fuel price hedging program with its advisor, Richard Larkin of Hedge Solutions.

Election of Officers:

Mr. O'Brien announced that, in accordance with the Authority's Enabling Act, Mr. Hanover, as the Authority's Dukes County Member, will automatically become the Authority's Chairman for the year 2015. Mr. O'Brien then entertained motions for the election of the Authority's Vice Chairman and Secretary for the upcoming year.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Tierney -- to elect Catherine N. Norton to serve as the Authority's Vice Chairman for the year 2015.

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

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to elect John A. Tierney to serve as the Authority's Secretary for the year 2015.

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

2015 Authority Meeting Schedule:

Mr. Lamson presented the Members with a proposed 2015 Authority meeting schedule, which called for meetings on the third Tuesday of every month during the year except in September 2015, when he suggested that the Members might meet that month on September 22rd instead of September 15th.

Mr. Lamson also stated that there may be little need for a meeting in February 2015 and that, accordingly the Members might want to not schedule a meeting that month and instead schedule the January 2015 meeting one week later and the March 2015 meeting one week earlier. However, because Mr. Hanover was planning to be away on January 27th, the Members agreed to keep the January 2015 meeting on January 20th and to reschedule the March 2015 meeting from March 17th to March 10th.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to adopt the Authority's 2015 meeting schedule as set forth in a memorandum to the Members, dated December 4, 2014, except that there will be no meeting scheduled for February 2015 and the March 2015 meeting will be on March 10th instead of March 17th.

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

The Year 2014:

Mr. Hanover thanked Mr. O'Brien for making 2014 an outstanding year for the Authority, and he commended the management staff and all of the Authority's employees for being proactive when weather forecasts made it clear that there would be significant trip cancellations during the Wednesday before Thanksgiving and the Sunday of Christmas Stroll. Mr. Hanover observed that this type of planning was new for the Authority and that it demonstrated the Authority's commitment to customer service. Mr. Ranney agreed, noting that it took a lot of effort on everyone's part to move so many boats around, to come in for extra trips and to help all of the customers whose travel plans were being affected, and he stated that all of the employees were terrific in how they handled all of the issues and inconveniences that were created by the bad weather.

IT WAS VOTED -- upon Mr. Ranney's motion, seconded by Mr. Hanover -- to send a letter to all of the Authority's employees thanking them for everything they have done to make 2014 a great year for the Authority.

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

Public Comment:

Ms. Bumpus recounted how, almost two years ago, she had asked if the Authority would allow the Woods Hole community to be part of a collaborative process in connection with the feasibility study for the reconstruction of the Woods Hole terminal, and she stated that she appreciates all of the work that was done. Ms. Bumpus also declared that it has been a much better process, and she expressed her hope that it will continue.

Mr. Lamson then reviewed a list of the Authority's accomplishments this past year, including:

- the renewal of all of the Authority's license agreements, including its license agreement with Hy-Line allowing Hy-Line to operate a second high-speed ferry on the Nantucket route (which is expected to begin in 2016);
- the completion of additional improvements to the Authority's Palmer Avenue parking lot;
- the refunding of the Authority's 2004 Steamship Bonds that will save the Authority more than $2,600,000 in bond interest over the next seven years;
- obtaining an amendment to the Authority's enabling act increasing its bonding capacity from $75,000,000 to $100,000,000;
- the award of a contract for a new modular building at the Authority's Fairhaven Vessel Maintenance Facility;

- the award of a contract for the development of the Authority's new consolidated parking lot off of Thomas B. Landers Road;
- the settlement of a new collective bargaining agreement for the Authority's unlicensed vessel employees;
- participating in a pilot program for the Fast Ferry Connector shuttle bus service on Nantucket;
- completing the feasibility study for the reconstruction of the Woods Hole terminal, including the approval of a consensus preferred alternative concept for the new terminal; and
- the final design and award of a contract for the construction and delivery of the Authority's new vessel, the *M/V Woods Hole*.

After reviewing all of these accomplishments, Mr. Lamson observed that 2014 was indeed a very productive year for the Authority.

At approximately 11:27 a.m., Mr. O'Brien entertained a motion to adjourn the meeting in public session.

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

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

A TRUE RECORD

Steven M. Sayers

STEVEN M. SAYERS, Clerk

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

List of Documents and Other Exhibits Used at the Meeting in Public Session

Tuesday, December 11, 2014

2nd Floor Meeting Room, Authority's Hyannis Terminal
141 School Street, Hyannis, MA

1. **Agenda**
2. **Minutes of the November 18, 2014 Meeting in Public Session**
3. **Business Summary for the Month of October, 2014**
4. **Staff Summary #GM-648 dated December 4, 2014 – Approval of Bertaux and Iwerks Architects, LLC's Draft Report for the Woods Hole Terminal Reconstruction Feasibility Study**
5. **Staff Summary #GM-649 dated December 4, 2014 – Approval of Proposed Delegation of Change Order Approvals to the General Manager**
6. **Staff Summary #E2014-24 dated December 4, 2014 – Contract No. 16-14 "Construction and Delivery of One 235-Foot Passenger Vehicle Ferry"**
7. **Staff Summary #A-579 dated December 8, 2014 – Approval of Proposed Bond Resolution Authorizing the Sale of Up to $38,250,000 Steamship Bonds**

8 **Staff Summary #E2014-25 dated December 8, 2014 – Contract No. 25-14 "Dry-Dock and Overhaul Services for the M/V Island Home:"?**

9. **Staff Summary #E2014-26 dated December 8, 2014 – Contract No. 27-14 "Supply and Deliver One (1) Tees White Gill Model #40CS Cross Shaft Bow Thruster"**
10. **Staff Summary #TPF 2014-4 dated December 3, 2014 – Request for Authorization to Award Contract No. 01-2015 "Automated Parking Lot Equipment"**
11. **Election of Officers Info**
12. **2015 Proposed Authority Meeting Schedule Info**
13. **December 3, 2014 Port Council Minutes**