

Board Meeting Minutes

DATE: Friday, September 9, 2011

PLACE: 4001 I-75 Business Spur
Sault Ste. Marie, MI 49783

MEMBERS PRESENT: Ted Postula Jack Kibble Michael Herbst
Frank Sasso Dennis Robinson

MEMBERS ABSENT: None absent

ADMINISTRATIVE STAFF PRESENT: Chuck Moser Akemi Gordon
Lynda Schexnayder James Dunn, Attorney

ADMINISTRATIVE STAFF ABSENT: None absent.

OTHERS PRESENT: See attached sign in sheet.

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I. - II. CALL TO ORDER/ROLL CALL

The meeting was called to order at 2:00p.m. by Chairman Sasso. All Directors were present.

III. PUBLIC COMMENTS

Mr. Willis had a question regarding the progress of the piers. Director Moser will address this in his report.

IV. APPROVAL OF BOARD MINUTES –July 26, 2011

With regard to Regular Board Meeting Minutes for July 26, 2011; **IT WAS MOVED** by Director Postula; **SUPPORTED** by Director Kibble to approve said minutes. **UNANIMOUS.** Motion carried.

V. FINANCIAL REPORT-P.E.-July 31, 2011

Finance Director Gordon presented and recommended approval of payments for August and September for Maritime Escort.

Gordon presented and recommended approval of FYE 2012 Budgets for ferries and bussing. In order to pass a balanced budget for 2012, the savings from switching to MERS health back in 2006 which we were putting in the post retirement health plan will no longer be affordable to EUPTA. Therefore, beginning in October 2011, this extra amount will no longer be deposited into the Trust. **IT WAS MOVED** by Director Kibble; **SUPPORTED** by Director Robinson to approve said budget. **UNANIMOUS.** Motion carried.

Gordon reported beginning in July; our BCBS renewal rates reflect almost a \$44,000 increase for the year.

BUSSING

Gordon reported a slight increase in passengers in July (222) and a 7% increase for the year. Our net income is still around half of what it was last year due to the increases in expenses, most notably the fuel and oil line items.

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FERRIES

Gordon reported the ferry system is still struggling to get out of the winter deficit. Through the end of July, it is still slightly over a hundred thousand in the red. Our fares are down almost \$36,000 and our expenses have increased 6.84%. There will be an adjustment in the administration's salary & wage line item. There was a retirement this fiscal year that involved sick/annual leave. That will eventually be reclassified to reduce the liability on the balance sheet.

VI. DIRECTOR'S REPORT

Moser gave an update on the St. Mary's River Dock Upgrade-he spoke with the USACE today out of the Detroit district. The person in charge of our application reported that he was working on our permit now. He promised to get back to Moser with an answer asap. The other part of the equation is to obtain the necessary approvals from MDOT and federal highways before the project can move forward. This has become a problem for us as the whole project is time sensitive in terms of weather as well as logistically for the apparent low bidder. As Moser reported at our special meeting, the low qualified bid was over our budget. The apparent low bidder has proposed some changes that would bring the project in to the budget and include leaving the Drummond work out. Nothing that they proposed would be unacceptable in regard to circumventing procurement guidelines. We shared this information with MDOT and their comment was that FHWA would not be happy. In that the best way to solve the problem would be finding enough funds to award the bid in the amount of the lowest qualified bid, Jim has been inquiring as to if and where such funds might be available in regard to state or federal funds. Moser reported that time is rapidly running out on us in regard to the construction season. There was further discussion regarding the delays in receiving permits from the USACE and the delays we have been experiencing with MDOT/FHWA in regard to getting a contract.

Director Moser reported in August we were contacted by Tony Clark who is under contract with USCG to maintain the video camera system for the St. Mary's River Vessel Traffic System or VTS. Currently VTS uses cameras at or near our property at Sugar & Neebish to help monitor and manage traffic. They are planning to install cameras at two new locations to help further this effort. One site would be at the Soo Locks on the Lake Superior side and one would be in DeTour. In exchange for permission to locate cameras at our DeTour ferry dock, the USCG is willing to provide us with a wireless connection which would be very nice to have. Especially if there is no monetary cost. Mark Gill who is in charge of all traffic (including us) in the St. Mary's River is here today representing this issue on behalf of the USCG request for permission to install cameras at DeTour ferry dock. At this time Director Moser gave Mark the opportunity to say a few words and perhaps answer any questions that are brought forward.

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Mark Gill gave a brief explanation and overview of what these cameras are used for, then requested permission to install the closed circuit cameras. **IT WAS MOVED** by Director Kibble; **SUPPORTED** by Director Postula to grant permission to go forward with this request. **UNANIMOUS.** Motion carried.

Moser reported Sugar II will be going in for its 5 year hull examination and certifications around the 19th of September. Both the Sugar II and Drummond III had the same certification expiration deadline of 9/30/11. Back in June, Moser contacted our inspection chief Lt. Cmdr. Nick Wong requesting permission to extend the expiration of Drummond III's certificate until spring of 2012. This will alleviate a lot of problems for us. We have been granted this permission. Moser anticipated Sugar II will be in dry-dock for approximately three weeks depending on weather.

Moser reported we will be accepting delivery of a new 19 passenger bus with lift on Monday, which Lyn can provide details on and update us on two other planned bus purchases. Lyn reported the state awarded the contract to the low bidder, Mobility Bus Company which is a Champion bus; bus to arrive Monday. We are waiting for contract from state for two more buses; a 25 passenger and a 19 passenger bus, one with lift, one without. As soon as we receive these contracts we will order buses; which takes approximately 6 months.

Moser reported he has instructed our Marine Insurance broker to shop for quotes. Moser is pretty confident that we can renew with our current underwriters with no premium increase, however, he thought it would be a good time to see what other proposals might come in at. Moser will update the board when he gets results.

Moser reported he is working closely with the PVA (Ed Welch) regarding ferry boat discretionary money.

Moser presented and recommended approval of Resolution No. 2007-0204/ Z24/R1 for the purpose of increasing operating funds by \$23,171. **IT WAS MOVED** by Director Kibble; **SUPPORTED** by Director Herbst to approve said resolution. **UNANIMOUS.** Motion carried.

Moser presented and recommended approval of Resolution No. 2007-0204/Z27 in the amount of \$16,400 for maintenance equipment and tools, computer, overhead lube system and training equipment. **IT WAS MOVED** by Director Robinson; **SUPPORTED** by Director Postula to approve said resolution. **UNANIMOUS.** Motion carried.

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VII ATTORNEY'S REPORT

Attorney Dunn noted we are fortunate to have Director Moser on the PVA and state transportation committees.

Dunn discussed he is working on a "draft" with regard to the Fare Policy. There is some concern with the legal language with regard to the elderly and handicapped riders. Dunn will make this available to board members for discussion and adoption.

Dunn went over changes with Governor with regard to new Act on Insurance limiting us as to what we can spend per employee. This will be forthcoming. There is a gubernatorial message coming out in late October regarding Transportation.

VIII. ADJOURNMENT

Being no further business to come before the Board, **IT WAS MOVED** by Director Postula; **SUPPORTED** by Director Kibble to adjourn. **UNANIMOUS**. Motion carried. Meeting was adjourned at 3:25pm. The next regular board meeting is scheduled for Monday, October 3, 2011 at 4PM; Luce County Courthouse (small courtroom) in Newberry.

Ted Postula, Sec. /Treas.

Prepared By: Lynda Schexnayder