

MASSACHUSETT'S PILOT RATE BOARD MEETING

December 18, 2015 at 1300 hours

Held at the Headquarters of the Boston Marine Society

At 1300 hours, the meeting of the Pilot Rate Board was called to order by Captain Jeff Havlicek, Chairman.

Board Members present: Captain Jeff Havlicek, Chairman
Captain Bradley Wellock, Massachusetts Port Authority (via teleconference)
Mr. Richard Meyer, Boston Shipping Association
Captain David Cox, Boston Marine Society
Mr. Edward Washburn, New Bedford Harbor Development Commission (via teleconference)

Public Attendance: Captain Richard Stover, Boston Harbor Pilot Association
Captain Robert McCabe, Boston Harbor Pilot Association
Captain Paul Costabile, Northeast Marine Pilot Association
Captain Robert Blair, Eastern Point Pilots
Mr. William Eldridge, Peabody & Lane/MSC
Mr. Michael Meyran, Massachusetts Port Authority

The requirement for a quorum of a minimum of four board members present was met, and the meeting proceeded.

Capt. Jeff Havlicek welcomed all of the board members and the public attendees. He introduced Capt. Richard Stover and then turned the meeting over for his presentation regarding proposed District One pilot rates changes for consideration and approval.

Capt. Richard Stover briefly recapped the working group meeting last week. He spoke about the rate increases among the competing east coast ports, such as, RI, NY, and Portland, all of them averaging a 1-2% increase. He explained how an increase of 1-2% for District One will affect the gross tonnage and draft, referencing his spreadsheet that included; categories of

ships, draft, gross tonnage, proposed percent increase, dollar increase, and proposed 2016 totals compared with 2015 totals. The sheet presented an increase of the draft rates by 0.0% and the gross tonnage rate by \$11% to obtain an overall increase of 1.875%, as was discussed at the last working group meeting.

The board discussed the possibility implementing a multi-year increase. The possibility was raised of foregoing a rate increase this year in favor of a larger increase next year. Capt. Richard Stover stated the Boston Harbor Pilots would be okay with forging an increase this year and an overall increase of 3.75% the following year. Mr. William Eldridge and Mr. Michael Meyran were supportive of Capt. Stover's proposal commenting the 2016 forecast for container ships does not look as promising as 2015, and any waiver of an increase this year would be much appreciated.

There was discussion about the rates in general as compared to the region, especially with regard to the high gross tonnage but relatively lesser draft vessels such as car carriers and passenger ships. It was agreed to examine possible rate adjustments based on vessel type in the fall of 2016 work group.

For Pilot District One, Board member Mr. Richard Meyer made a motion for a zero rate increase for 2016 and a 3.75% overall increase for the following year 2017. The motion was seconded by Board member Captain David Cox. Mr. Richard Meyer then amended the motion and stated the agreed upon increase for 2017 is subject to review and allocation. The board members voted on the amended motion, and the vote carried unanimously.

The floor was then turned over to Capt. Paul Costabile who presented on behalf of Districts Three and Four. Capt. Costabile reviewed the present rate structures for the Cape Cod Canal and Harbors as they compare to Boston Pilotage. Also a cost comparison and savings utilizing the Cape Cod Canal versus going around Cape Cod. He proposed a 3% overall increase for Cape Cod Canal and a 2% overall increase for the harbors in keeping with regional increases. He also recommended the same increases for 2017.

Mr. Richard Meyer asked if there was concern about a decline in business due to the rate increases. Mr. William Eldridge responded he thinks the requested rates are reasonable, given the rates are less than Boston rates and considerably less than the competitive east coast ports.

A motion was made by Mr. Richard Meyer to accept the proposed overall increase of 2% for 2016 and an overall 2% increase for 2017, and a 3% increase for the Cape Cod Canal for 2016 and a 3% increase the following year, the second year subject to review and allocation. The motion was seconded by Capt. David Cox.

Upon further discussion in regards to the allocation, Capt. Paul Costabile was asked to apply the 2% increase to one of the vessels listed on his spreadsheet. Capt. Costabile applied the increase to tanker *Noreaster*, and proposed the following calculations for 2016 and 2017 for consideration:

2016: gross tonnage increase, from .0084 to .0092, 2% draft rate increase, overall increase of 2%.

2017: gross tonnage increase from .0092 to .0100, 2% draft rate increase, overall increase of 2%.

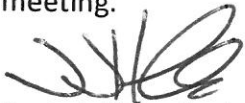
A motion was therefore made by Mr. Richard Meyer to approve an increase in gross tonnage from .0084 to .0092, 2% draft rate increase, and an overall increase of 2% for 2016. Then a gross tonnage increase from .0092 to .0100, 2% draft rate increase, and an overall increase of 2% for 2017. Capt. David Cox seconded the motion. A vote was taken and it carried unanimously.

While Capt. Paul Costabile worked on calculations regarding the proposed overall 3% increase for the Cape Cod Canal, Mr. Bob Blair spoke on behalf of District Two.

Mr. Bob Blair of District Two, commented there was not a lot of business in the ports of Salem and Gloucester right now, however, he expects to see an increase in passenger ships in the future in the port of Salem. In keeping with past procedure he expressed his thought would be to follow in line with the District 1 rates. Captain Jeff Havlicek made a motion for zero rate increase for District 2 for 2016 and a 3.75% overall rate increase for 2017 subject to review and allocation. The vote passed unanimously.

The discussion returned to the Cape Cod Canal. Mr. Richard Meyer made a motion to approve an overall 3% rate increase for the Cape Cod Canal by increasing the gross tonnage and draft components be 3% each, with the provision that Captain Costabile would forward the confirming calculations to the Chairman. The motion was seconded by Capt. David Cox.

There being no further business to discuss, Capt. David Cox made a motion to adjourn the meeting.



Capt. Jeff Havlicek, Chair
Pilot Rate Board