Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

CERTIFICATION OF VOTE

I, Steven M. Sayers, Clerk and General Counsel of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (the "Authority"), hereby certify that the governing Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority voted, at their regularly scheduled monthly meeting on February 20, 2018, a quorum of the Members being present, as follows:

IT WAS VOTED -- upon Mr. Hanover's motion, seconded by Ms. Gladfelter -- to adopt the Authority's Debt Issuance and Debt Management Policy in the form attached to Staff Summary #A-621, dated February 15, 2018.

VOTING	AYE	NAY
Mr. Ranney	35 %	
Mr. Jones	10 %	
Mr. Hanover	35 %	
Ms. Gladfelter	10 %	
TOTAL	90 %	0 %

I also certify that attached to this Certification of Vote is the Authority's Debt Issuance and Debt Management Policy in the form as it was attached to the Staff Summary #A-621, dated February 15, 2018, that is referred to in the Members' vote above.

Executed under the penalties of perjury this 1st day of March, 2018.

Steven M. Sayers

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WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

DEBT ISSUANCE AND DEBT MANAGEMENT POLICY

1. PURPOSE

The purpose of this Debt Issuance and Debt Management Policy is to establish the framework regarding the administration and effective debt management of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority ("SSA" or the "Authority") consistent with the Enabling Act and other applicable laws and the terms of the General Bond Resolution of the Authority adopted December 15, 1983 and any Supplemental Resolutions adopted by the Authority.

2. GENERAL POLICY

All debt obligations of the Authority will be issued in compliance with Chapter 701 of the Acts of 1960 of The Commonwealth of Massachusetts (Enabling Act), General and Supplemental Bond Resolutions, and all applicable state and federal laws governing the issuance of debt. As required by the Enabling Act, each new debt issuance must be presented to the Board for review, evaluation and approval prior to the transaction.

It is the Authority's policy to:

A. Pay all debt service costs in full when due;

B. Undertake a long-term approach to the planning of debt financings to borrow funds in a timely fashion to provide funding for the Authority's Capital Improvement Program (CIP) and other related purposes;

C. Assure the Authority's ability to access the capital markets through a strong credit rating;

D. Maintain investor interest in the issuances by preserving the tax-exempt status of such debt;

E. Achieve the lowest cost of borrowing while minimizing the risk of market fluctuations.

F. Manage its debt financings responsibly mindful of long-term financial impacts.

3. TYPES OF DEBT ISSUED

The Authority may issue tax-exempt revenue bonds, taxable revenue bonds and bond anticipation notes in the form of commercial paper and other short-term debt instruments.

The principal and interest on the debt issued by the Authority is solely payable from the funds provided therefor in the Enabling Act. The Enabling Act provides for the fixing of such rates of fare and charges for services furnish or operated as in the judgment of the Authority are best adapted to insure sufficient income to meet the cost of service as defined in the Enabling Act, which includes among other items, the interest on and amortization of bonds and notes.

4. PLANNING FOR FUTURE BORROWING

The Authority will continually monitor its multi-year borrowing plan to reflect changes to the CIP, actual expenditures, and borrowings. The borrowing plan will assist in the development of the schedule for the sale of debt obligations over a five fiscal year cycle. It is understood that market conditions, changes in size and/or timing of capital projects, and other factors outside the control of the Authority may necessitate changes to the schedule for the sale of debt obligations. The borrowing plan is not a commitment by the Authority to sell debt obligations at such times.

5. DEBT ISSUANCE POLICIES

- The Authority will engage a Financial Advisor, to advise it on, among other matters, the advantages, disadvantages and risks associated with the financial structure of the proposed debt issuances and to aid the Authority in negotiating the transactions with the investment bankers when applicable.
- The Authority will engage Bond Counsel to advise it on its debt issuances and related matters.
- The Authority will not issue debt in excess of its statutory bond limit.
- Under the terms of the Enabling Act, as amended, the Steamship Authority is currently authorized to issue bonds not to exceed $100,000,000 outstanding at any one time.
- As of December 31, 2017, the Steamship Authority had $71,565,000 in bonds outstanding.
- The Steamship Authority will monitor the adequacy of its statutory bond limit on a regular basis in connection with updates to its capital improvement plan and seek increases through the legislative process when necessary and appropriate.
- The Authority will determine based on market conditions whether a competitive or negotiated sale would be more advantageous. Some factors impacting that decision include: The stability of bond prices and investor demand in the market; the complexity of the transaction and any issues which may impact investor demand for the bonds; size of the transaction; and importance of flexibility to adjust sizing and structuring to respond to investor demand which is particularly important for refunding transactions.
- The Authority will determine, based on market conditions, whether a bond or bond anticipation notes sale would be more advantageous. Some factors impacting that decision include: The stability of bond prices and investor demand in the market; the complexity of the transaction and any issues which may impact investor demand for the bonds; size of the transaction; anticipated additional debt issuance in the near future; and importance of flexibility to adjust sizing.
- Advance refundings and current refundings will be considered when the following targets are met: aggregate present value savings are at least 3% and the present value savings per bond is generally at least 2% per maturity. Such refunding may be considered even when these targets are not met due to various factors such as the desire to modify legal provisions or to reduce administrative costs by eliminating an entire outstanding bond issue.
- The Authority will manage its debt portfolio and financial position to obtain and maintain the highest credit rating possible. While high credit ratings generally reduce the Authority's cost of debt and market access, these rating considerations must be balanced with maintaining flexibility to meet its operational and capital needs.

- Prior to the final approval of any resolution to issue debt, the Board will review a recommendation from the Authority's Financial Advisor regarding the structure, size, and manner of sale of a proposed issue. Board approval and the text of the Financial Advisor's recommendation will be presented for review to the Commonwealth's Finance Advisory Board, in accordance with the policies and procedures of that board.
- Prior to the distribution of a Preliminary Official Statement, the Board will adopt a resolution authorizing the issuance of the proposed debt and delegating to staff the ability to approve the final pricing of the bonds.
- The Authority will review the various factors that impact the issuance of debt including legal, economic, financial and market conditions. All of these factors are continuously changing and any decisions related to the issuance of new debt should be done only after careful consideration of all the factors that impact the issuance.
- The expected useful life of the projects to be financed will be taken into account in determining the appropriate maturity of the debt issue.
- In general, the Authority's debt will carry a call provision for maturities longer than 10 years, subject to market conditions.

6. BOND COMPLIANCE

The Authority will maintain an adequate system of internal controls to ensure compliance with applicable laws, rules, regulations, and covenants associated with outstanding debt.
In addition, the Authority will take all necessary steps to ensure compliance with its General Bond Resolution and all Supplemental Resolutions. Compliance with the General Bond Resolution includes but is not limited to:

- Ensuring that all principal and interest accounts are fully funded prior to the payment date, as required by the General Bond Resolution.
- Maintaining reserve funds at the required levels as prescribed in the Enabling Act.

7. ARBITRAGE COMPLIANCE

Arbitrage, in government finance, is the reinvestment of the proceeds of tax-exempt securities, such as bonds, in materially higher yielding taxable securities. The Authority will comply with all relevant federal tax law provisions including arbitrage requirements. The Authority will take all appropriate actions to ensure that the interest paid on its tax exempt debt obligations to investors remains exempt from federal income tax. Additionally, the Authority will establish and maintain a sound arbitrage compliance program that incorporates strategies to limit arbitrage. Neither the Authority nor any person under its control or direction will make any investment or other use of tax exempt bond proceeds in any manner which would cause the bonds to be private activity bonds or arbitrage bonds.

8. CONTINUING DISCLOSURE POLICY

Pursuant to the Continuing Disclosure Certificate, the Authority will provide an annual filing not later than July 1st of each year to the Municipal Securities Rulemaking Board. The annual filing will include or incorporate the following information:

A. Quantitative information for, or as of the end of, the preceding fiscal year of the type presented in the Authority's most recent official statement including:
 a. Summary of revenues, expense, and fund deposits;
 b. Capital expenditures;
 c. Fund balances;
 d. Amount of outstanding indebtedness and
 e. Pension obligations of the Authority.

B. The most recently available audited financial statements of the Authority, prepared in accordance with generally accepted accounting principles.

Pursuant to the Continuing Disclosure Agreement, whenever the Authority obtains knowledge of the occurrence of any event itemized in Rule 15c2-12 adopted by the Securities and Exchange Commission, the Authority will promptly notify the Municipal Securities Rulemaking Board. Currently, events covered under this reporting requirement include the following:

A. Principal and interest payment delinquencies;
B. Non-payment related defaults;
C. Unscheduled draws on debt service reserve reflecting financial difficulties;
D. Unscheduled draws on credit enhancements reflecting financial difficulties;
E. Substitution of credit or liquidity providers, or their failure to perform;
F. Adverse tax opinion or event affecting the tax-exempt status of the bonds;
G. Modifications to the rights of any bond owners;
H. Bond calls;
I. Defeasance of any series or portion of a bond series;
J. Release, substitution or sale of property securing repayment of any bonds; and
K. Rating changes.

9. CREDIT RATING

The Authority will attempt to maintain its current ratings while at the same time strive to enhance its overall credit quality. While high credit ratings generally reduce the Authority's cost of debt and market access, credit ratings must be balanced with maintaining flexibility to meet its operational and capital needs.

10. INVESTMENT OF BOND PROCEEDS

The security of the principal amount is regarded as the highest priority in handling the investment of bond proceeds. All other investment objectives are secondary to the maintenance of the principal amount. Each investment transaction shall seek to first ensure that capital losses are avoided. Bond proceeds are only to be invested in permitted investments, as defined in the General Bond Resolution.

All investment decisions and practices will comply with the Authority's Investment Policy that was adopted on June 20, 2003, and most recently amended on February 21, 2017.

11. DERIVATIVES

Derivatives are financial instruments or arrangements whereby two parties agree to make payments to each other under different obligation scenarios. It shall be the policy of the Steamship Authority not to engage derivative instruments, with the exception of those financial instruments excluded under the scope of the Governmental Accounting Standards Board, Statement No. 53 - Accounting and Financial Reporting for Derivative Instruments (GASB-53).

These financial instruments excluded from the scope of GASB-53 include:

- Derivative instruments that represent normal purchases and sales contracts, for example, commodity purchases where it is probable the Authority will take or make delivery of the commodities; and
- Insurance contracts.

12. SELECTION PROCESS FOR PROFESSIONAL SERVICES

In accordance with its procurement procedures, the Steamship Authority may periodically issue Requests of Qualifications/Proposals or otherwise engage professional services including Bond Counsel, Financial Advisor and Independent Auditor services.

13. REVIEW AND REVISION OF THE POLICY

This policy will be reviewed and reauthorized (as it may be amended) by the Board every two years (In even numbered years).