

MSC, Inc.
File No.: 07-0234

PHOTO SHEET NO. 33

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
CONDITION AND VALUE SURVEY
TAKEN BY : Michael L. Collyer
DATE TAKEN : 3/20/07

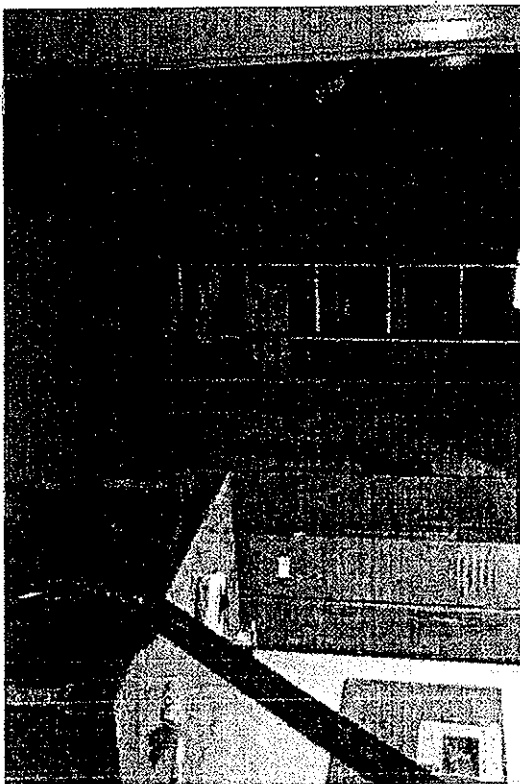


DESCRIPTION: Crew galley.

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PHOTO SHEET NO. 34

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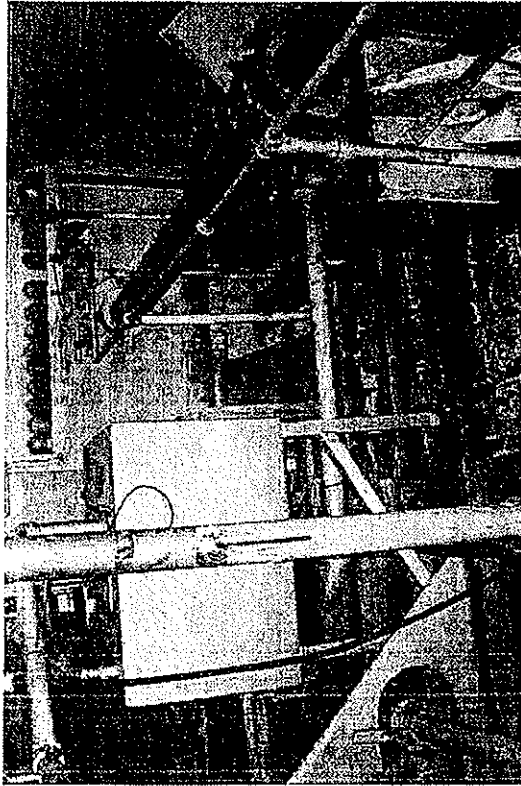


DESCRIPTION: Lower crew's quarters.

MSC, Inc.
File No.: 07-0234

PHOTO SHEET NO. 31

VESSEL : M/V ISLANDER
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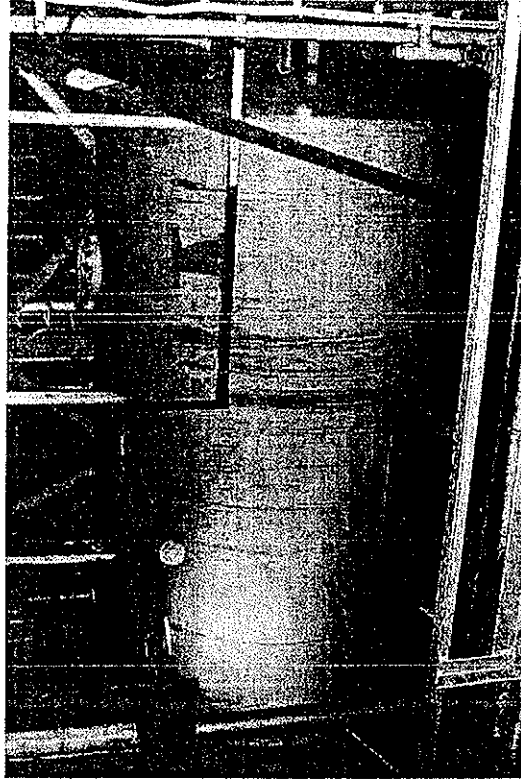


DESCRIPTION: Tank void.

MSC, Inc.
File No.: 07-0234

PHOTO SHEET NO. 32

VESSEL : M/V ISLANDER
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CONDITION AND VALUE SURVEY
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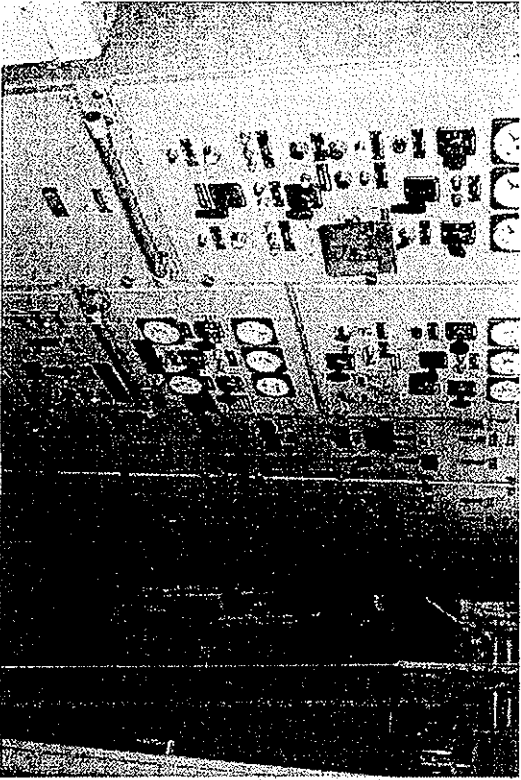


DESCRIPTION: Fuel tank.

MSC, Inc.
File No.: 07-0234

PHOTO SHEET NO. 29

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CONDITION AND VALUE SURVEY
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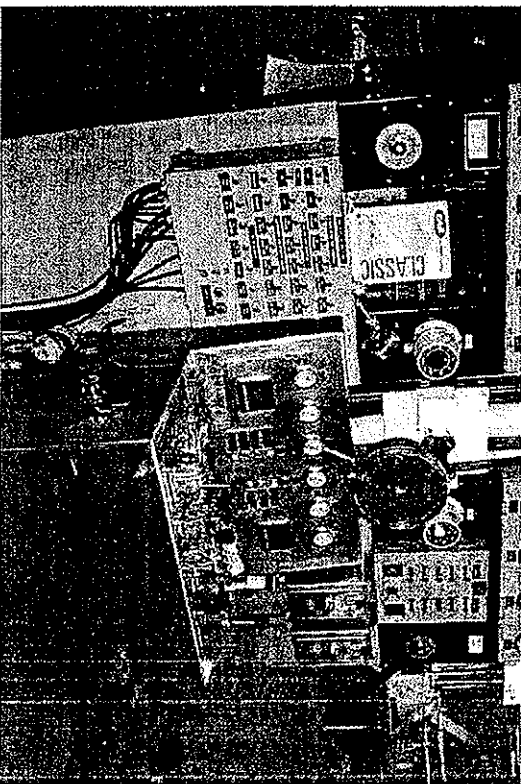


DESCRIPTION: Electrical panel.

MSC, Inc.
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PHOTO SHEET NO. 30

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CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
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DESCRIPTION: Engine room control console.

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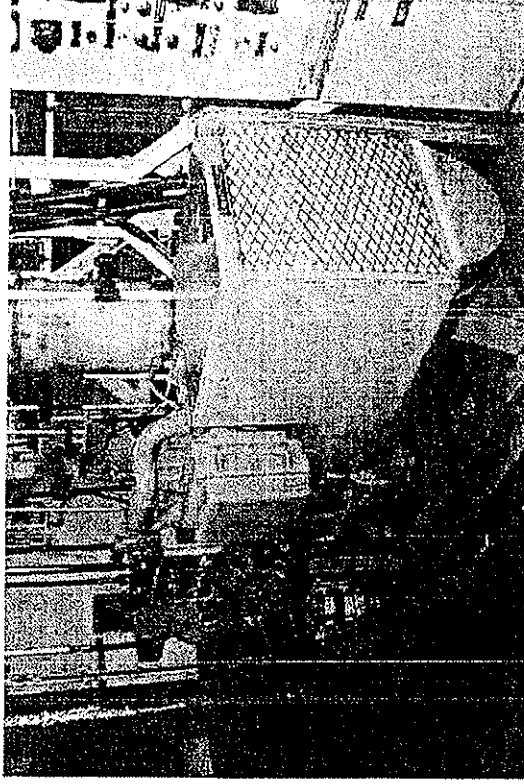


DESCRIPTION: Reinitjes reduction gears.

MSC, Inc.
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PHOTO SHEET NO. 28

VESSEL : M/V ISLANDER
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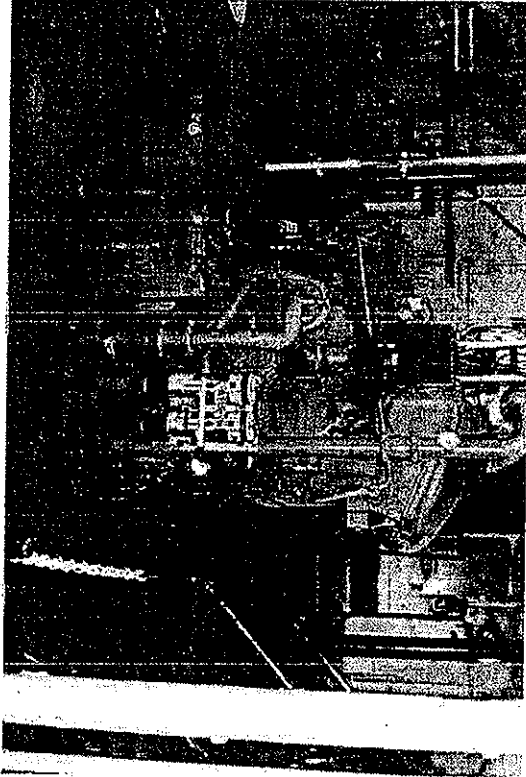


DESCRIPTION: One (1) of two Caterpillar 210 KW diesel generators.

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PHOTO SHEET NO. 25

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
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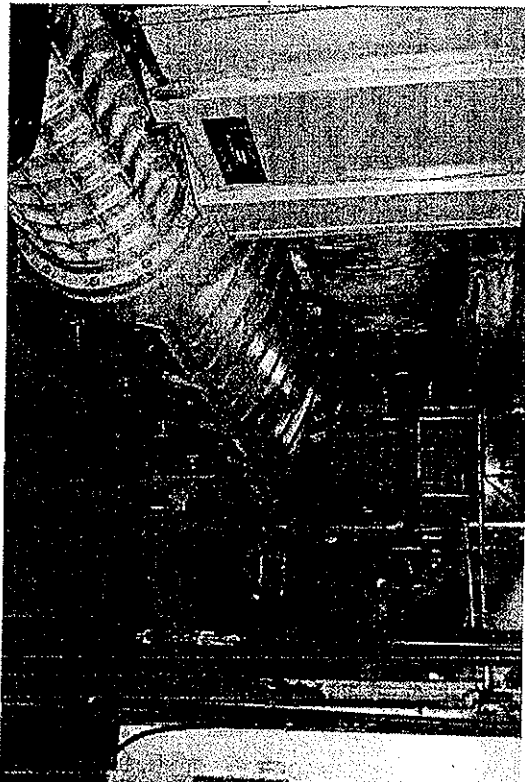


DESCRIPTION: Engine room showing one (1) of two 8 cylinder EMDs.

MSC, Inc.
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PHOTO SHEET NO. 26

VESSEL : M/V ISLANDER
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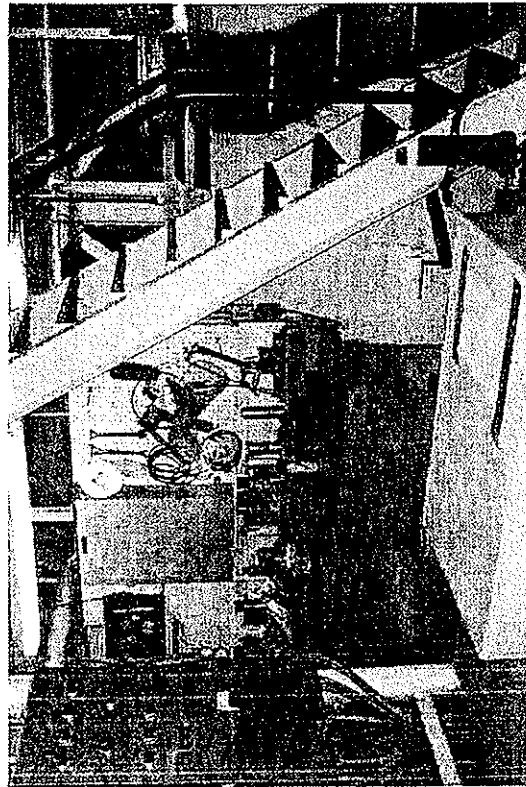


DESCRIPTION: Engine room layout.

MSC, Inc.
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PHOTO SHEET NO. 23

VESSEL : M/V ISLANDER
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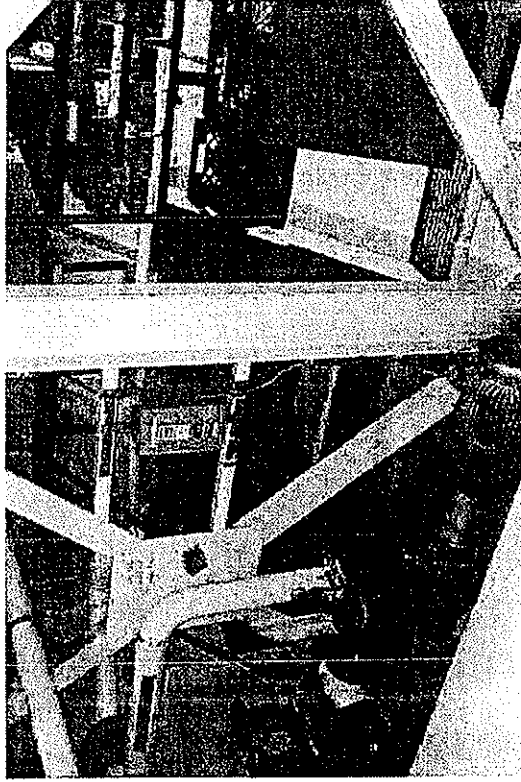


DESCRIPTION: MSD compartment.

MSC, Inc.
File No.: 07-0234

PHOTO SHEET NO. 24

VESSEL : M/V ISLANDER
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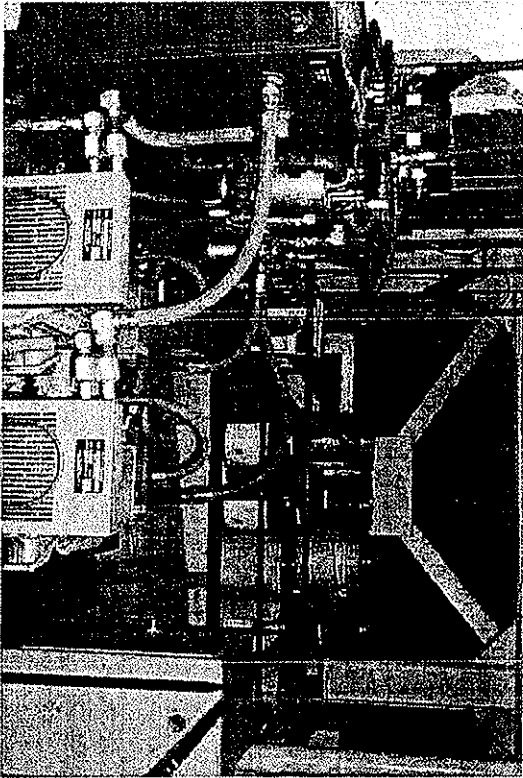


DESCRIPTION: MSD.

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PHOTO SHEET NO. 21

VESSEL : M/V ISLANDER
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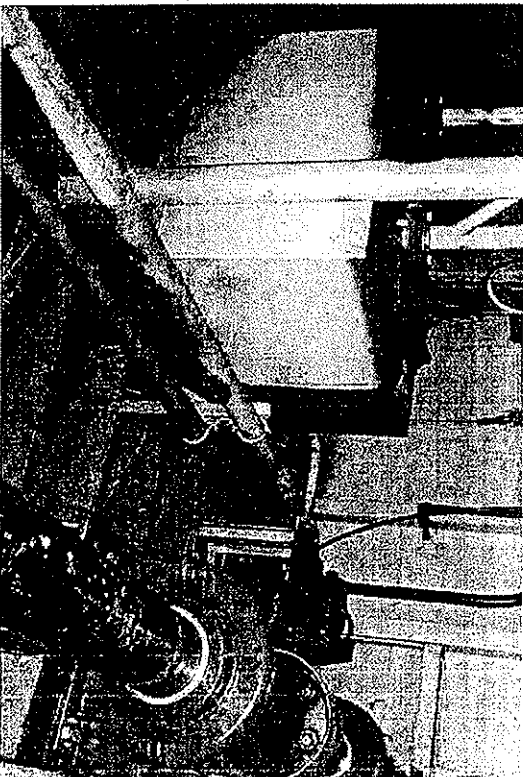


DESCRIPTION: Steering pumps.

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PHOTO SHEET NO. 22

VESSEL : M/V ISLANDER
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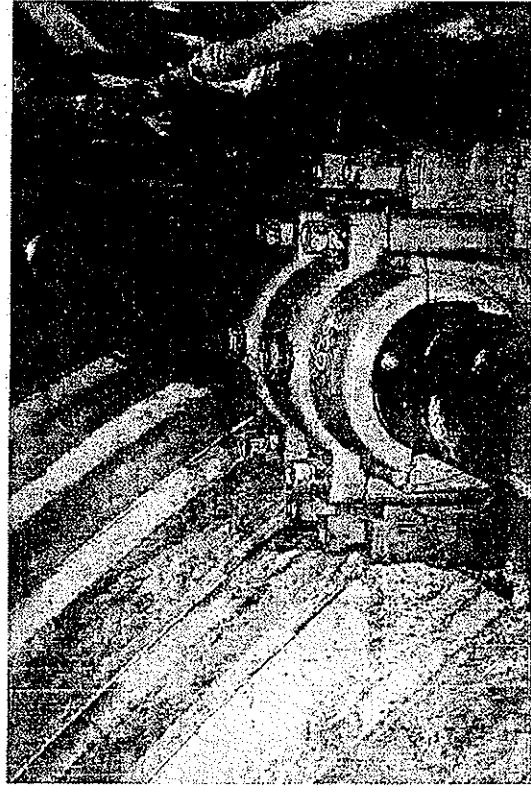


DESCRIPTION: Galley bilge.

MSC, Inc.
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PHOTO SHEET NO. 19

VESSEL : MV ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
TAKEN BY : Michael L. Collyer
DATE TAKEN : 3-20-07

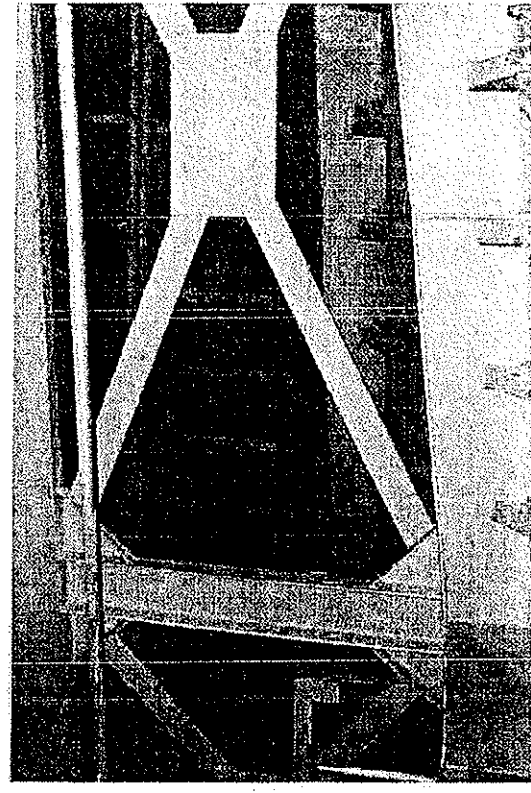


DESCRIPTION: Shaft alleys

MSC, Inc.
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PHOTO SHEET NO. 20

VESSEL : MV ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
TAKEN BY : Michael L. Collyer
DATE TAKEN : 3-20-07

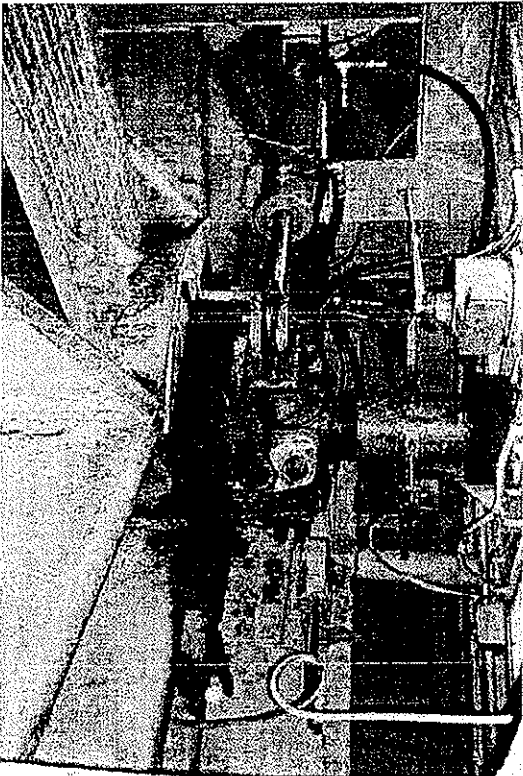


DESCRIPTION: Shaft Alley voids

MSC, Inc.
File No.: 07-0234

PHOTO SHEET NO. 17

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
TAKEN BY : **CONDITION & VALUE SURVEY**
DATE TAKEN : Michael L. Collyer
: 3-20-07

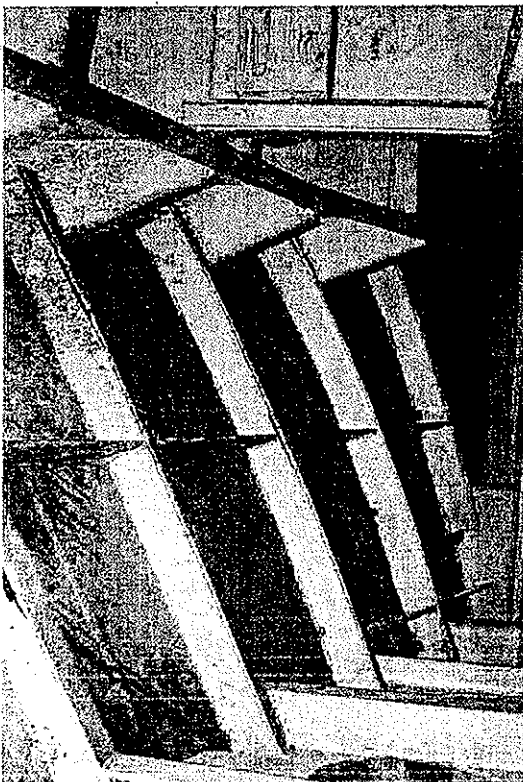


DESCRIPTION: Steering gear

MSC, Inc.
File No.: 07-0234

PHOTO SHEET NO. 18

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
TAKEN BY : **CONDITION & VALUE SURVEY**
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: 3-20-07



DESCRIPTION: Peak tanks

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File No.: 07-0234

PHOTO SHEET NO. 15

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
TAKEN BY : **CONDITION & VALUE SURVEY**
DATE TAKEN : Michael L. Collyer
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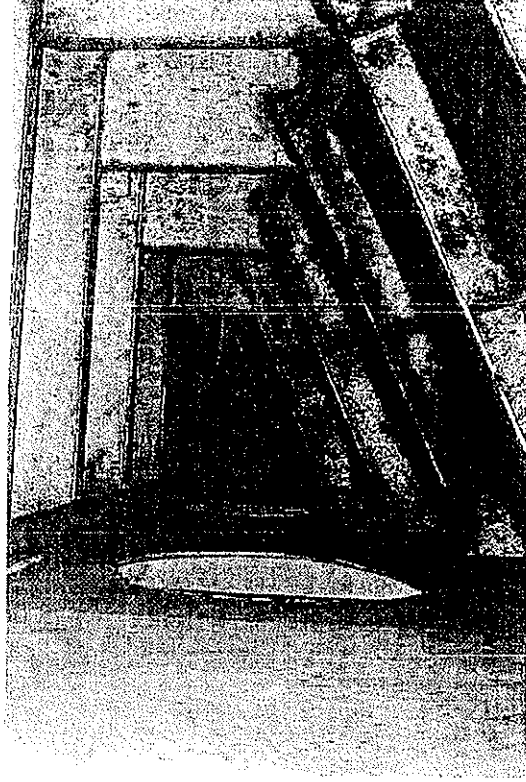


DESCRIPTION: Mezzanine access stairs, typical at each quarter.

MSC, Inc.
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PHOTO SHEET NO. 16

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
TAKEN BY : **CONDITION & VALUE SURVEY**
DATE TAKEN : Michael L. Collyer
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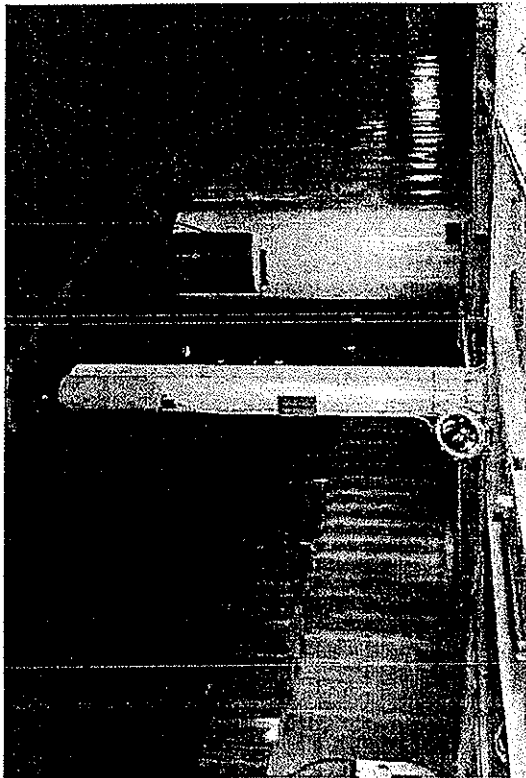


DESCRIPTION: Outboard in peak tanks, typical condition.

MSC, Inc.
File No.: 07-0234

PHOTO SHEET NO. 13

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
TAKEN BY : **CONDITION & VALUE SURVEY**
DATE TAKEN : Michael L. Collyer
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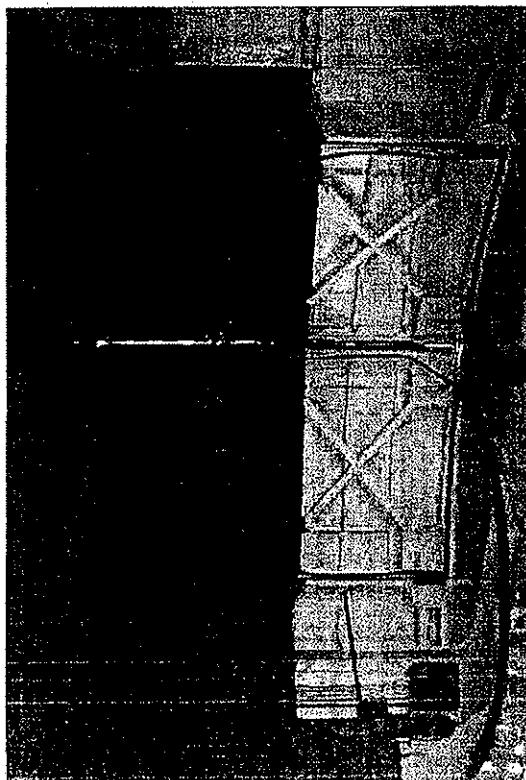


DESCRIPTION: Freight deck, showing island arrangement.

MSC, Inc.
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PHOTO SHEET NO. 14

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
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DATE TAKEN : Michael L. Collyer
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DESCRIPTION: Freight doors, typical bow and stern

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PHOTO SHEET NO. 11

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
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DATE TAKEN : 3-20-07



DESCRIPTION: Mezzanine, starboard side

MSC, Inc.
File No.: 07-0234

PHOTO SHEET NO. 12

VESSEL : M/V ISLANDER
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DATE TAKEN : 3-20-07



DESCRIPTION: Freight deck under port mezzanine

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PHOTO SHEET NO. 9

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
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DATE TAKEN : Michael L. Collyer
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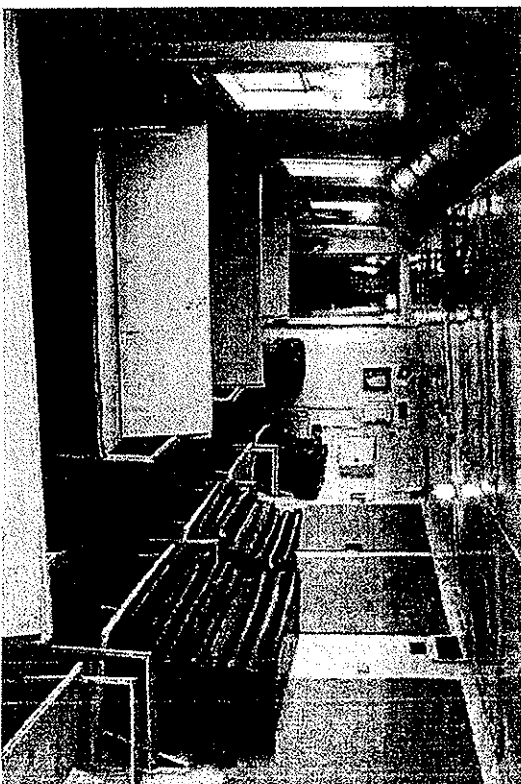


DESCRIPTION: Lunch and counter

MSC, Inc.
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PHOTO SHEET NO. 10

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
TAKEN BY : **CONDITION & VALUE SURVEY**
DATE TAKEN : Michael L. Collyer
: 3-20-07



DESCRIPTION: Mezzanine, port side, typical

MSC, Inc.
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PHOTO SHEET NO. 7

VESSEL : MV ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
TAKEN BY : Michael L. Collyer
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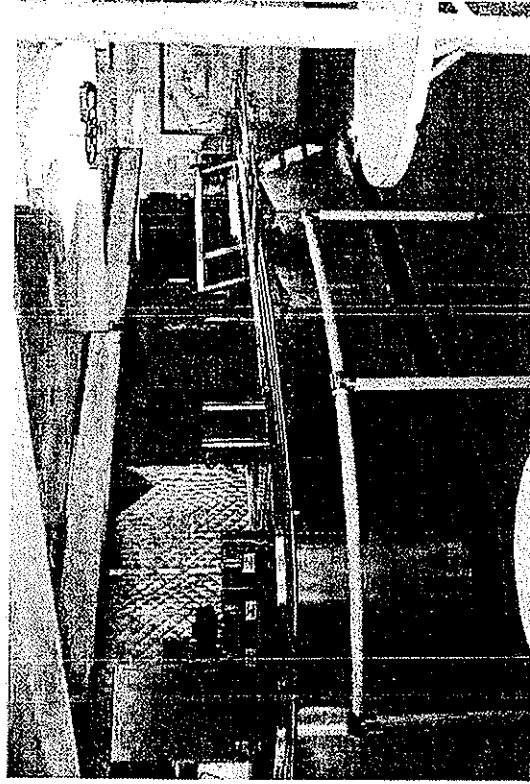


DESCRIPTION: Upper deck starboard side.

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PHOTO SHEET NO. 8

VESSEL : MV ISLANDER
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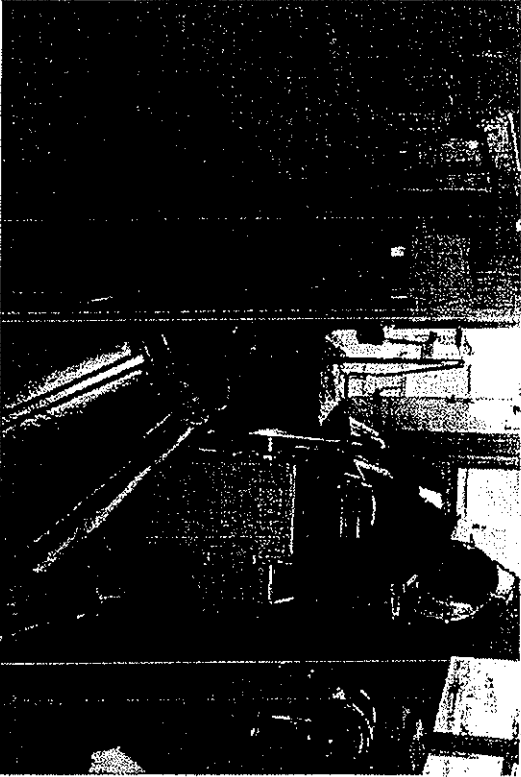


DESCRIPTION: Lunch counter on upper deck forward.

MSC, Inc.
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PHOTO SHEET NO. 5

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
TAKEN BY : CONDITION & VALUE SURVEY
DATE TAKEN : Michael L. Collyer
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DESCRIPTION: Pilothouse arrangement, typical

MSC, Inc.
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PHOTO SHEET NO. 6

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
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DATE TAKEN : Michael L. Collyer
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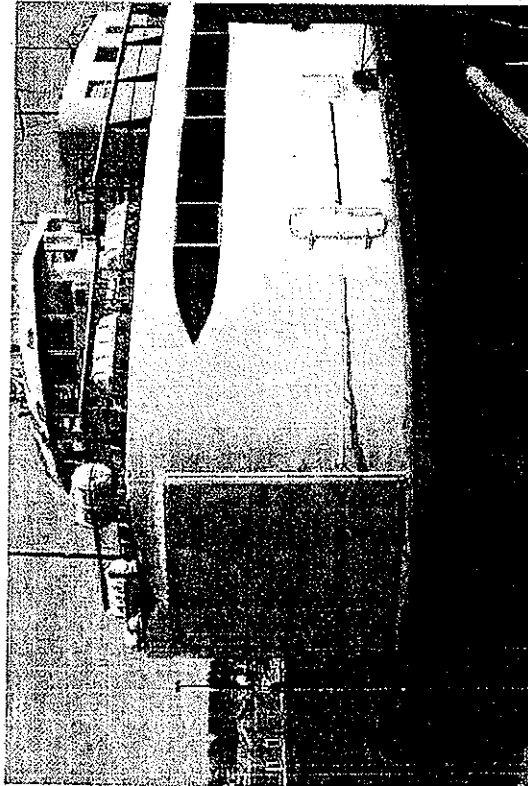


DESCRIPTION: Upper deck, port side.

MSC, Inc.
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PHOTO SHEET NO. 3

VESSEL : M/V ISLANDER
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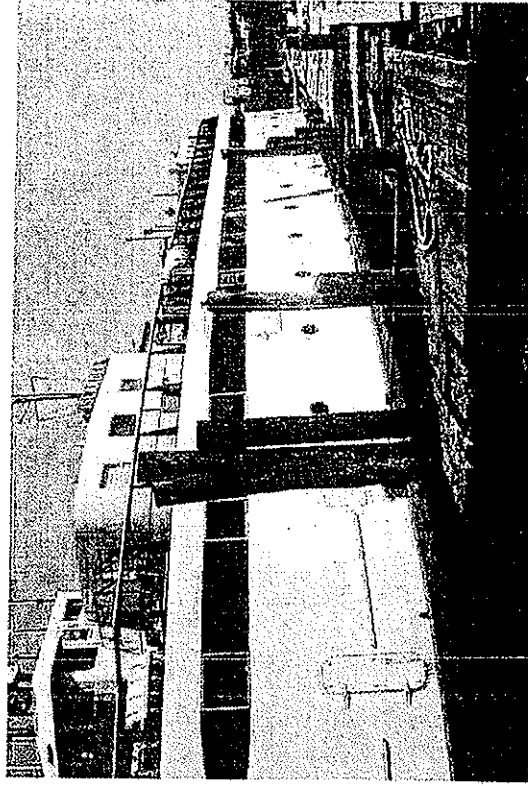


DESCRIPTION: Stern view

MSC, Inc.
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PHOTO SHEET NO. 4

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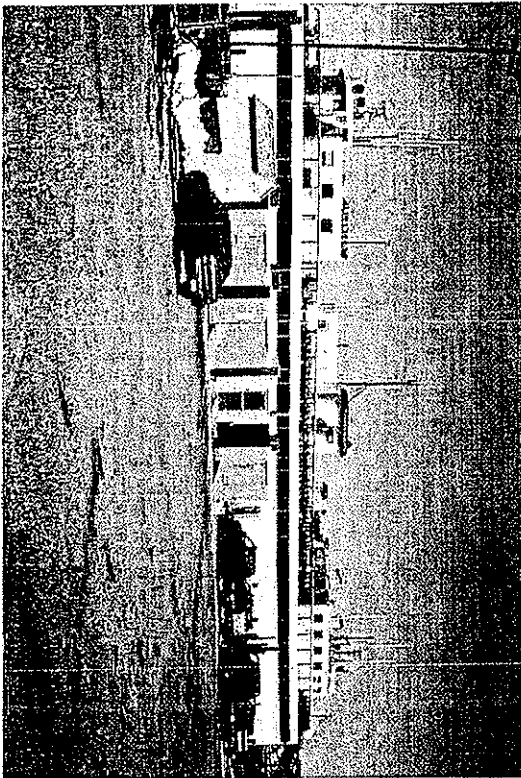


DESCRIPTION: Starboard side

MSC, Inc.
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PHOTO SHEET NO. 1

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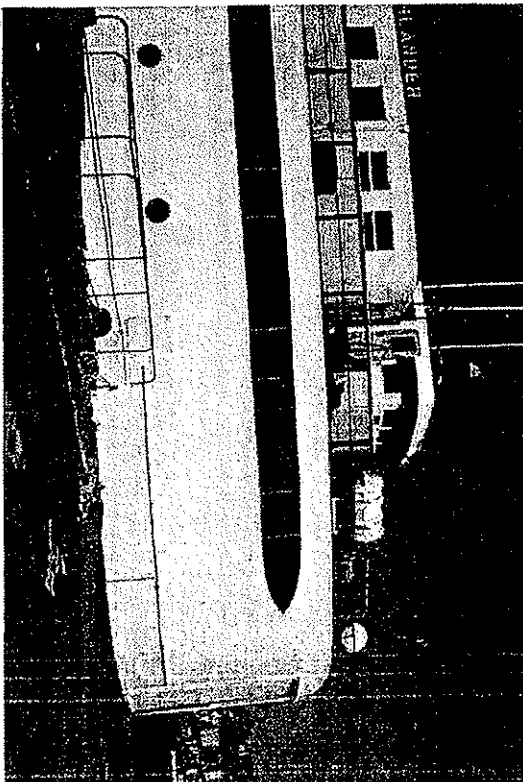


DESCRIPTION: Overview at New London, CT.

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PHOTO SHEET NO. 2

VESSEL : M/V ISLANDER
CLIENT : Woods Hole, Martha's Vineyard & Nantucket Steamship Authority
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DESCRIPTION: Bow view

VALUATION/RATIONALE

In determining the value of the M/V ISLANDER, it is understood that this appraisal includes the hull structure, furnishings, all appurtenances, equipment, materials, machinery, tools, anchors, and other apparel pertaining to the vessel as found aboard on the date of survey.

We have appraised this vessel for fair market value and forced liquidation value.

Fair market value is defined as the price the vessel would bring on the open market, that price agreed upon between a willing buyer and a willing seller, with neither being required to act and both having reasonable knowledge of the relevant facts. As long as one year of market exposure may be required to realize this value.

Forced Liquidation Value is the monies likely realized from a properly advertised and conducted public sale, with the seller being compelled to sell with a sense of immediacy, on an as-is, where-is basis. Three to five months of exposure may be necessary to achieve this value.

Conditions favorably affecting value include the fact that the vessel is currently fully operational with upgraded machinery and systems, with all certifications in place for a partially protected route.

Detracting from value is the age of the vessel, approaching the end of its economically useful life. Passenger amenities are limited, and inside passenger seating areas are limited as well, making the vessel generally suited for voyages of shorter duration.

The price of scrap steel is very high at this time. With the lightship displacement given as 953 long tons, a likely bid by a ship breaker may be in the range of \$200,000 per ton (\$190,000). Interest has also been noted from South America, where many river crossings are still made by ferry.

Subject to consideration of the preceding remarks, and considering the age of the vessel, its condition in comparison to vessels of like size, age and service, and in consideration of the current market, the following estimated values are considered appropriate:

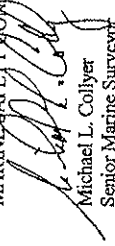
FAIR MARKET VALUE: \$750,000.00
FORCED LIQUIDATION VALUE : \$200,000.00

The opinion herein is subject to the vessel having no un-repaired damage to the hull, machinery or outfit which might form part of an average claim, and in recognition of the fact that the underwater parts of the vessel and appurtenances were not accessible. The valuation was based upon charter-free delivery, free of average and free of liens and encumbrances.

This report is based on examination of the vessel, and of those parts, spaces and equipment that could be sighted without removals or operation, and is rendered without bias or prejudice. In accepting same, it is agreed that the extent of obligation of this surveyor, with respect thereto, is limited to furnishing a competent survey, and in the making of this report, this surveyor is acting on behalf of the person or firm requesting same and no liability shall attach to this surveyor, for the accuracy, errors and/or omissions therefore.

Naval architecture and marine engineering analysis as usually performed in the design stage of the vessel's construction were not part of this survey and typical subjects such as adequacy of stability and seakeeping were not within the scope of this survey.

Submitted without prejudice,
MARINE SAFETY CONSULTANTS, INC.



Michael L. Collyer
Senior Marine Surveyor

Enclosure: 1. Photographs
2. MSC, Inc. invoice

MLC/elav
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Each pilothouse is designed with seven (7) forward facing windows. The pilothouse windows are kept clear of condensation by means of adequate heaters and the pilothouse provides for good visibility. The windows are bronze framed Kierfort-type, with three (3) double hung opening windows.

The pilothouses at each end feature Sperry helms on the centerline, with Kelvin & Wilfrid O. White Co. binnacles, with 7" cards and quadrantal spheres.

Both the gyro compass and a rudder angle indicator are mounted within view of the helmsman, as well as engine RPM/LED gauges.

The clutch and throttle are by port side cabinets with dual single lever controls.

Access to the pilothouse is by port and starboard watertight doors.

HULL TOPSIDES, DECKS, SUPERSTRUCTURE

The hull above the water, the enclosed main deck and superstructure including decks, bulwarks, doors, hatches, coamings and other appurtenances were generally inspected and found in satisfactory condition.

All ladders were found satisfactory with hand rails and non-skid on the steps. All fixed seating was found in good repair and well-secured, including tables.

Paint coating systems are generally very good, with annual re-coating now necessary. No notable areas of running rust are apparent, and there is no notable significant deterioration beyond routine wear and tear.

TANKS AND VOID SPACES

<i>SPACE</i>	<i>USE</i>	<i>CAPACITY</i>
Auxiliary machinery (bank compartment)	Fresh water	500 gal. (est.)
Auxiliary machinery (bank compartment)	MSD (V1)	6,474 gal.
Auxiliary machinery	MSD (V2)	500 gal. (est.)
Auxiliary machinery	Gray water	200 gal.
Tank compartment	Fuel	6,474 gal.
Tank compartment	Gray water	200 gal.
Tank compartment	Fresh water	500 gal. (est.)
Emergency generator room	Fuel	60 gal.

FIRE EXTINGUISHING & LIFESAVING SYSTEMS

<i>Space Protected</i>	<i>Agent</i>	<i>Capacity</i>
Engine room	CO2	1,200 lbs.
Emergency generator room	Halon 1301	54 lbs.

In addition, there are fifteen (15) portable fire extinguishers located strategically throughout the vessel. All fire extinguishers were serviced during March, 2006. Fire extinguishers aboard, there are two (2) Type A II, (12) Type B II, and (1) Type B IV.

The vessel is designed with ten (10) fire stations, with four (4) on the main deck, four (4) on the boat deck, and two (2) in the engine room. Each fire station is fitted with 50' of 1 1/2" hose and nozzle. Each fire station also is fitted with a fire axe.

Life saving equipment on board was found accessible and in satisfactory condition and consists of (16) inflatable rafts in float free racks with total capacity of 820 persons. The rafts are equipped with EPIRBs.

In addition, the vessel is equipped with a rescue boat, seven hundred ninety-six (796) adult life preservers, seventy-nine (79) child life preservers, four (4) ring buoys of which two (2) are equipped with lights and line. There is no EPIRB on board the vessel.

Carries (788) Type I PFDs, (79) Child, (4) ring buoys, two with lights, two with lines attached.

The vessel is equipped with an appropriate anchor at the bow with lifting capability by an electric windlass.

SUMMARY

The M/V ISLANDER, although approaching 57 years of continuous service, is considered to be in good and serviceable condition for a vessel of this vintage. All regulatory inspections are current, with the COI expiring in 2011. Annual inspection is necessary before May 19, 2007.

All systems, without exception, are noted to be in full operating condition. The vessel steamed to New London from Massachusetts under her own power. Shore power is providing energy to the heating boiler, with interior passenger, crew and machinery spaces currently climate-controlled.

General housekeeping about the vessel is satisfactory, but a thorough cleaning and sprucing up will be necessary prior to any service.

There are leaning rails around the cafeteria line, and a centerline overhead fiddle for ventilation.

The bulkheads and overheads are painted composite, with poured composite deck.

Coatings are in good condition.

The deck is considered in good condition and serviceable, showing some wear, but no deterioration.

Behind the snack bar is found a deep double stainless steel sink, Beveragaire reach in cake coolers, double reach in Delfield cooler.

In the access room behind the lunch counter service bar are double door cake coolers to starboard, with soda gun equipment to port, supporting a counter mounted safe service soda machine.

The deck back here is also of a poured composite nature, and in fair serviceable condition with some deterioration at the outside edges.

This space is generally dirty and in need of a thorough cleaning.

The back bulkhead, with stainless steel work tables port and starboard, is stainless steel.

Port side behind the lunch counter is the purser's office.

Access to the open passenger deck is by weathertight doors port and starboard sides.

UPPER PASSENGER DECK

The passenger deck is an open area, with 40" full perimeter railings fitted with small mesh vinyl screening affixed to steel angle stanchions.

The deck is painted steel, non-skid, and supports formed plastic chairs on steel pedestals, 417 in number. At least a half dozen are broken away, revealing jagged steel support brackets.

Structures in the center of the deck are the engine room stack with air handlers on the centerline and about the stack.

Emergency Generator

Just aft of the stack, in a separate compartment, is the emergency generator, being a Detroit Diesel model 471 driving a Marathon three (3) phase 75 KW 480V generator. The unit is skid mounted, radiator cooled, with dry vertical exhaust out the roof. A day tank of approximately 40 gallons provides fuel, mounted forward in the space.

Upper Crew Quarters

Next aft is the structure containing the upper crew quarters, which fixes accommodation for six (6) in two (2) single rooms and two (2) doubles. All the way aft is found the crew head, which includes toilet and single shower.

At the upper passenger deck level, accessed by the aft starboard mezzanine stairs, is the captain's cabin, finding a single berth and head with shower. The main pilot's office is just inboard, and accessed through double entry head.

Opposite, at the port side aft stairs, are two (2) additional single rooms, the large further aft room being Chief Engineer, sharing a head with another stizle.

PILOTHOUSES, NAVIGATION STATIONS AND EQUIPMENT

The vessel carries navigational equipment satisfactory for a certificated service. A list of this equipment is as follows and includes one (1) unit of the equipment at each wheelhouse. The equipment is reported to be working satisfactorily.

RADAR (2): Raytheon Pathfinder fitted with the port side being an LRP + ARPA and the starboard side being a Mariner Pathfinder

DEPTH SOUNDER () - None

COMPASS () - Magnetic

SOUND-POWERED PHONES () - Hose McCann 10-watt and sound powered telephone

Additional equipment includes:

- (1) Charles H. Fenschel & Co. Engine Order Telegraph
- (2) Carlisle & Finch roof mounted 10" spotlights
- (1) Bogen Public Address amplifier
- (1) Emergency battery
- (1) LaMarche 5 amp 12V charger
- (1) Communication equipment consisting of company band radio as well as marine VHF radio

In addition, the vessel is equipped with navigation lights that appear to comply with US Coast Guard Navigation Rules with no interferences or modifications to restrict the visibility of the lights.

Blige & Fire Pumping

The # 1 fire pump is a 30 HP DC motor driving a Goulds 4" pump, supplying either the sprinkler systems, overboard discharge or fire main hydrants.

The secondary fire pump is a Lesson 40 HP AC motor driving a Lesson 4" pump.

Blige pumping is by either of two (2) systems, the back up blige pump is a US Motors 10 HP 240V AC unit driving a 3" Gorman-Rupp centrifugal pump. The primary pump is a Baldor 20 HP 240V AC motor driving a Goulds Rupp Impeller pump through 3" sea chest intake and 4" discharge.

FREIGHT DECK

The freight deck is accessed by watertight doors at each end, as well as port and starboard watertight cargo doors at midships.

Port and starboard at the bow and stern are line handling doors above the forward chocks, watertight, allowing access to the guards, with watertight access doors at the forward port side and aft starboard side, just at the foot of the mezzanine stairs.

Anchor gear is found forward to starboard, on a raised pedestal, with the hawse pipe raised 3' off the deck.

The anchor chain leader is secured by pelican hook, with the drum reportedly containing 100 fathoms of appears to be 1" wire.

The freight deck is so laid out so as to have passenger mezzanines port and starboard sides above 8' wide outboard car aisles, with overhead clearance of approximately 6'4".

A centerline island and 3" raised curb accommodates tractor trailer traffic, port and starboard sides of the island, with a reported door height of 13' 6". Inside height is somewhat greater.

Maximum height is 12' 6".

The outboard mezzanines are supported by stanchions, eleven (11) in number.

Coating on the bulkheads and overhead is considered in good condition, with no evidence of interior deterioration on most structures.

The freight deck is painted diamond plate, which shows heavy wear, with many transverse frames now proud, with full length moderate plate dishing on either side of the island in the truck bays.

Large stanchion supports are located at either end of the island, and electric DC motor capstans are found at either end. It is unknown if these capstans are operational.

Ambient illumination is by twelve (12) port lights on each side of the freight deck, measuring 15 1/2" in diameter. Overhead lighting within the cargo bay is by fluorescent lights, which appear to be adequate. Additional light is provided by large square safety glass windows, three (3) each side, bow and stern at the mezzanine level, which illuminate the stairways.

MEZZANINES

The mezzanines generally run the length port and starboard sides, with restrooms midships for both men and women, port and starboard sides.

Access to the mezzanines is by watertight steel door at each end, accessing the ladders to the freight deck or by large cargo doors outboard, at each end, on each side.

From the mezzanine, access can be gained forward to the lunch counter and outside deck, with access up ladders aft port and starboard sides, to the upper deck.

The mezzanines are for passenger seating, with double hung opening windows outboard, approximately every other, providing adequate lighting and ventilation.

Seating is by upholstered benches or by inboard laminate facing benches with tables.

The interior is painted composite bulkheads and overhead, with poured composite flooring. The composite floors are in fair condition, with the exception of some random cracking and bubbling.

A mid-length fire door and threshold divides each mezzanine fore and aft.

Life jacket storage is found on the inboard upper shelf, canvas covered.

Lunch Counter

On the upper passenger deck, forward, is the lunch room/snack bar, which finds perimeter passenger counters forward, laminate and plywood cabinets under, holding life preservers.

Across the forward bulkhead are found laminate facing benches with tables between, four (4) in number.

Delifield reach in coolers are found on the centerline atop a stainless steel storage table, with cafeteria line around the perimeter of a stainless steel serving counter aft, which is the focus of the space.

The bulkheads and overheads are painted steel, with considerable layers of paint coatings. The space is air conditioned, and escape is by centerline hatch and vertical ladder forward.

CREW'S QUARTERS

Accessed by port and starboard sliding steel doors aft in the centerline island is the lower crew's quarters.

At the freight deck level is found the crew's head, just forward in the island from the entrance sliders.

The crew's quarters finds four (4) double staterooms (by bunk bed), with poured concrete floor, painted overhead and painted sheet metal bulwarks.

Forward on the port side is found a small lounge, with access hatch to the bilge.

Just off this space is found a crew shower room.

At the center of the space, at the foot ladder, is found crew lockers and a table.

ENGINE ROOM & MACHINERY

The engine room is accessed by sliding steel doors in the centerline island, port and starboard sides, both forward and aft.

At the forward engine room entrance is also the access by stairwell forward to the MSD flat.

Forward, in the upper level of the center island, is a vertical ladder accessing the electrical storage locker.

The engine room is so laid out so as to have the two (2) propulsion engines facing each other on the centerline, with the two (2) electrical generator motors mounted port side, with the electric control panel port side at midships.

Propulsion is by two (2) EMD 8-645-E6 marine diesel engines.

The engine mounted forward is S/N: 7703-1036.
The engine mounted aft is S/N: 80B1-1125.

The engines drive through Reintjes type WAF840P reverse/reduction gears. The reduction gears were built in 1992 and are 3.08:1 ratio.

The gear driving the forward mounted engine is # 66246.
The gear driving from the aft mounted engine is # 56247.

The engines are air started, keel cooled, with dry vertical exhaust. The main engines are reported to have 15,622 hours

The engineer's enclosed control booth is outboard, midships to starboard, on a raised platform

Engine room layout finds the hot water heating furnace forward to starboard, followed by the fire pumps, followed by the bilge sea suction, followed aft by the DC power supply transformers.

Outboard the transformers is found the stern tube and MSD supply pumps, as well as air conditioning, circulating pumps, emergency bilge pump, and three (3) lube oil tanks.

Electrical power is provided by a pair of Caterpillar model 3406, six (6) cylinder marine diesel engines, 306 HP, as prime movers for Caterpillar SR4 220V three (3) phase generators.

The forward generator engine carries the S/N: 2WB06739, with the generator having S/N: 5GA04141. The forward generator engine shows 2,483 hours. Forward generator is electrically started, keel cooled, with dry vertical exhaust.

The aft generator prime mover shows S/N: 2WB06711, with the generator having S/N: 5GA04142. The aft generator is air started, keel cooled, with dry vertical exhaust, and shows 2,138 hours.

The adjacent battery bank is fitted with two (2) LaMarche constavoit units, being model 846-30-24-A1.

Auxiliaries

Outboard to port in the engine room is found the domestic water system, energized by double Baldor 2 HP pumps, piped with copper to the double Well control accumulator tanks.

Aft to port are double Ingersoll Rand model 71T2 air compressors, driven by 10 HP 240V motors, charging four (4) air receivers mounted port side overhead.

Mounted to starboard in the engine room is the oil fired hot water heating furnace. Heat is generally by steam through fan coils and mezzanine level radiators.

Aft Tank Room

The space contains the 6,400 gallon fuel tank to starboard of the centerline, with a 500 gallon potable water tank to port.

A small grey water tank, discharged by a sump pump system, sits just to port of the centerline.

The centerline bilges under the primary propeller shaft contain considerable number of ballast blocks, appearing to be concrete, chocked by wedges.

The shaft is supported by mid-length pedestal and poured Dodge bearing.

The space is in overall fair condition, with lower bilges showing moderate rusting, light scale and without coatings.

The compartment shows condensation, causing running rust and pitted surfaces.

Paint coatings on the underdeck and bulkheads are in good condition, as they are to those areas above the watertine.

The twelve (12) 100 lb. Co2 bottles for the fixed engine room fire extinguishing system are located here, just to port of the centerline, against the lower bulkhead.

Aft Crew Compartment Bilge

The space is found to be in overall very good condition.

The primary and intermediate shafts are supported here by Craft bearings. Bulkhead penetrations are in good condition and watertight.

Overall, the space has coatings of approximately 80%, with only limited areas showing running rust or blistering, limited particularly to the forward portions of the lower bilge. The bilge has minimal liquids.

Aft Shaft Alley

This space is accessed from a watertight door in the lower crew's quarters.

The space is in good condition, clean and bright, with paint coatings of approximately 80%.

Some light paint blistering and running rust is evident, but generally steel work is well coated and

in good condition.

The space is a mirror image of the forward shaft alley room, with the hydraulic steering equipment mounted on a platform forward in the space, with storage utilized for five gallon oil buckets.

Aft Peak

The aft peak tank contains the aft rudder and twin fans, which are found to be in new condition.

It is noted that the hoses were replaced in May of 2006.

Overall, the space appears very good, with good coatings throughout, with no indications of running rust or scale, except of a minor nature due to condensation.

Frames and plating appear without distortion or damage.

Outboard the longitudinal port and starboard bulkheads, plating and overheads are sooted, with some light grease coating, that does not detract from the integrity.

The bilges are dry.

CREW GALLEY

The crew galley is located below the main deck forward, accessed by port and starboard sliding steel doors in the forward part of the center freight deck island.

The galley is so arranged so as to have storage lockers forward to port, with a four (4) door Trawson reach in stainless steel refrigerator freezer forward on the centerline.

To port are found two (2) pedestal mounted mess tables, each capable of seating eight (8) persons.

Coffee service station and bottled water is aft to port.

Starboard side is the food preparation area, with Lane two (2) burner electric stove with double griddle and oven, followed aft by the Hobart dishwasher, with two (2) apartment size refrigerator units.

Stainless steel work tables and double basin stainless steel sinks are found outboard with stream table system inboard.

The floor is of poured composite, in good condition, but dirty.

Forward Shaft Alley

The forward shaft alley is accessed by flush deck hatches port and starboard, and watertight door forward in the galley.

The compartment is found to be in overall good condition, painted out, with paint coatings found to be approximately 60%.

The bottom hull shows some evidence of paint blistering, with running rust from condensation of upper portions, port and starboard sides, which show rust.

The compartment contains lube oil storage in a rack to port, with galley air conditioning and refrigeration condensers, six (6) in number, on shelves port and starboard.

On the centerline is found the forward steering motors, being two (2) hydraulic steering motors, each being a Wagg 10 HP 208V unit. They are mounted on a suitable framework, with 70 gallon hydraulic storage tank.

The steering system appears to be in very good condition, with many new or recent components and no leaking evidenced.

The steering system is electronically controlled, with control box mounted adjacent to the steering unit on the aft bulkhead.

Descending down from the platform to the shaft alley, we observed the stuffing box to be in good condition, with no excessive leaking.

The intermediate shaft appears to be supported by a poured bearing on a pedestal, with the tailshaft supported by a Craft bearing. Both appear to be well lubricated and in good condition.

Inspection of the deck beams at the freight deck find them to be in good condition, with no deflection or deterioration noted.

Forward Galley Bilge

This space is directly below the galley, and is accessed by a non-watertight deck hatch and vertical ladder.

The space appears generally in good condition, with coatings of 50% or better.

Localized heavy scaling is found adjacent to a recent port bottom insert, between the compartment frames # 5 and 6. The plate here exhibits deterioration and heavy pitting.

Generally paint coatings show light blistering and moderate pitting below the surface, with several large recent plate inserts forward in the compartment.

The bilge contains approximately 8" of water aft, with light muck.

The intermediate shaft and primary shafts are coupled in this compartment, with Craft bearings supporting each, as well as watertight bulkhead penetrations, fore and aft, with greased fittings.

The compartment also contains the galley gray water tank, non-integral, to starboard.

MSD Room

The bilges in this space are found to be in only fair condition, with failed paint coatings and moderate rusting on surfaces and structure. Light scaling is randomly noted.

Just to starboard of the centerline in the bilge are ballast blocks. These appear to be cast iron.

The primary shaft is one piece through this compartment, supported by a mid-length pedestal and Craft bearing. Bulkhead penetrations appear to be watertight.

On the raised machinery flat in this space, to starboard, is found the Type II MSD, being a model 15MX Ormipur waste water treatment system.

The large steel V1 tank is found just to port of the centerline, with the V2 tank on the aft bulkhead to starboard.

Also on the starboard side is found a tool bench, bench grinder and assorted spare parts and filter storage.

The port side, which is accessed by emergency escape hatch on the freight deck, contains the trash pump for overboard discharge of the bilge suction, as well as MSD tanks. The centrifugal Flomax-type pump is powered by a 208V 10 HP electric motor.

Outboard are spare part rack storage for plumbing supplies, as well as a 40 gallon 208V hot water heater.

The space is heated and ventilated.

Above the bilge, the space is found to be in very good condition with good paint coatings, clean, well organized and bright.

Next aft is the engine room, later described.

CERTIFICATION/STABILITY

A stability test was witnessed by the US Coast Guard at Baltimore, MD, on April 29, 1990. On the basis of that stability test and a dead weight survey conducted at Woods Hole, MA, on April 13, 1989, stability calculations were performed.

Results of those calculations revealed the M/V ISLANDER as presently outfitted and equipped is satisfactory for operation on partially protected waters, provided certain restrictions are strictly adhered to. There is no restriction on vertical distribution of passengers. The partially protected route is defined as not more than 20 nautical miles from harbor of safe refuge with a maximum of 788 persons, of which 770 may be passengers.

Maximum mean draft allowed is 11' 8 1/4".

The Certificate of Inspection states the vessel is equipped with life saving equipment for 796 persons. The vessel is currently equipped with life rafts for 800 persons. The US Coast Guard Certificate of Inspection indicates that maximum persons allowed from November 1 to May 15, is 640 persons total. The licensed mate must have first class pilotage endorsement. A watchman is required during night hours when passengers are on board. The Certificate of Inspection was issued May 19, 2006, and expires May 19, 2011.

The US Coast Guard Certificate of Inspection requires the following manning: one (1) licensed master with first class pilotage, one (1) licensed mate, four (4) AB's, two (2) ordinary's, one (1) Chief Engineer and one (1) officer. The vessel is required to have on board ten (10) certified life boatmen.

The main watertight bulkheads are located at frames 12, 24, 36 and 47, with frame 0 referenced at midships.

Load limit and subdivision draft are determined by the point value of loaded vehicles. The load point value should never exceed 141 points:

Auto	1 point
Pick up truck with camper	3 points
Motor home	6 points
Medium truck with gross weight of less than 20 tons	10 points
Garbage truck	13 points
Tractor trailer rig	27 points

Permanent ballast is 15 tons and it is between frames #14 to 22 aft, and frames #14 to 19 forward.

Air receiver pressure tests are all due May 6, 2008.

UNDERWATER HULL AND APPENDAGES

The external hull below the waterline could not be inspected in view of the vessel being afloat during this survey. The vessel was last drydocked in May 2006, where it underwent USCG inspection, with repairs carried out necessary to obtain an new five year certificate.

The hull is framed with spacing of approximately 21" centers. Common frames are 4" x 4" x 1/4" and 3" x 5" x 1/4" angle depending on the service of the compartment. There are 3" x 4" forward deep frames with angle iron floors welded to the frames to provide structural strength.

CONDITIONS FOUND

COMPARTMENTS BELOW THE MAIN DECK

There are eight (8) transverse watertight bulkheads at frames #12, 24, 36, and 47 forward and aft of amidships. Compartmentation beginning at the bow includes a peak tank, end compartment (shaft alley), galley, tank compartment, engine room, tank compartment, crew's quarters, end compartment (aft shaft alley), and the peak tank at the stern.

The tank holding compartment forward contains a fresh water tank to starboard and the sewage holding tank to port. The aft tank compartment contains a fuel oil tank to starboard, fresh water tank to port, with a small holding tank/pump for gray water just off to centerline to port.

Forepeak

The forepeak tank, accessed on the centerline forward by a flush deck watertight deck hatch, contains the forward rudder.

The space is painted out with approximately 60% intact coatings, with underdeck and vertical structure considered in good condition, with light deterioration noted to lower members and failed coatings.

Outboard starboard side between frames # 10 and 11, there is a 6" waste hole found to the deck at the extreme outboard edge.

The compartment is fitted with a high water bilge alarm.

There is light water and a moderate amount of muck in the bilges.

The steering appears in very good condition, recently maintained, the dual hydraulic rams and hose assemblies appear in new condition.

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MAINEHULL OFFICE
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Marine Safety Consultants, Inc.

Tel: (508) 996-4110
FAX (508) 990-2094

26 WATER STREET

FAIRHAVEN, MA 02719-2962

2

M/V ISLANDER
File No.: 07-0234

SCOPE OF SURVEY

Survey was conducted with the vessel afloat, therefore conditions below the external waterline could not be inspected.

The survey was carried out unaccompanied.

Since this is a double ended vessel, the bow will be identified as being the end with the anchor gear.

All spaces, voids and compartments were entered and inspected. No machinery was operated for the purpose of this survey.

DESCRIPTION

The M/V ISLANDER was built by the Maryland Drydock Co., Baltimore, MD, in December, 1950 and assigned # 130.

The M/V ISLANDER is of all welded steel construction, of the double-ended design. The bow is identified as the end with the ground tackle. The main deck which is fitted with an 11" wide rub rail on overhanging substantial guards. The vessel is designed with an elliptical bow and stern.

There is a mezzanine deck port and starboard with a boat deck above fitted with an identical raised pilothouse superstructure at each end. The stack is amidships with emergency generator room immediately aft. Immediately aft of the pilothouse forward is a lunch room with the crew's quarters immediately aft of the pilothouse at the stern.

There are three (3) sets of cargo doors on each side at the main deck that open outboard. A small hatch has been designed at each end of the vessel, for the passing of mooring lines. There are sixteen (16) glass windows measuring approximately 27" x 33" along the mezzanine deck, port and starboard.

At the end of the vessel are two (2) large hydraulic/mechanical doors that open inboard to permit loading and unloading of vehicles and freight.

The centerline of the vessel is enclosed on the main deck and is designed to permit access to the following spaces below the main deck beginning at the bow; galley, engine room forward, fidley, engine room aft, crew's head, and crew's quarters.

Located on the boat deck at each end of the vessel is the bridge deck fitted with the navigation bridge, which is accessed through weathertight doors port and starboard.

April 12, 2007
File No.:07-0234

Woods Hole, Martha's Vineyard &
Nantucket Steamship Authority
Foot of Railroad Avenue
Woods Hole, MA 02543
Attn: Carl Walker

CONDITION & VALUATION SURVEY REPORT

VESSEL : M/V ISLANDER
OFFICIAL NO. : 259789
OWNER : Woods Hole, Martha's Vineyard &
Nantucket Steamship Authority
Foot of Railroad Avenue
Woods Hole, MA 02543
DOCUMENTED : Coastwise trade, exp. July 31, 2007
LENGTH : 191.70'
BEAM : 58.10'
DEPTH (MLD) : 14.80'
GROSS TONS : 855.26
NET TONS : 581.00
BUILT : 1950
BUILDER : Maryland Drydock Co., hull # 130
HORSEPOWER : 1,800
USCG CERT. : Route - Lakes, Bays, Sounds, Nantucket Sound, ferry route between
Hyannis, Nantucket Island, Martha's Vineyard & Woods Hole, MA.

THIS IS TO CERTIFY THAT the undersigned surveyor did, at the request of Mr. Carl Walker, representing owners, attend survey of the M/V ISLANDER, Official No. 259789, on March 20, 2007 while the vessel lay afloat and moored starboard side to at the Cross Sound Ferry Terminal, New London, CT. The purpose of the survey was to determine the overall condition and valuation of the vessel..

MARINE SURVEYORS - CONSULTANTS

EXHIBIT C

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APPENDIX A

BILL OF SALE

KNOW ALL PERSONS BY THESE PRESENTS that this Bill of Sale made, executed and delivered as of the _____ day of _____, 2007, by Woods Hole, Martha's Vineyard and Nantucket Steamship Authority, a public instrumentality of The Commonwealth of Massachusetts created pursuant to chapter 701 of the Acts of 1960, as amended (the "Seller") to _____, a _____ (the "Buyer").

WITNESSETH:

WHEREAS, Seller and Buyer are parties to a Purchase and Sale Contract dated _____, 2007 (the "Contract") providing for the sale by Seller to Buyer of the vessel known as the "M/V Islander," including all of said vessel's furniture, fittings, machinery, normal gear and tackle, equipment, and all other appurtenances aboard the said vessel (the "Vessel");

NOW, THEREFORE, for \$1,00 and other good and valuable consideration as set forth in the Contract, the receipt and sufficiency of which are hereby acknowledged, and in accordance with the Contract, Seller does hereby sell, convey, transfer, set over, assign and deliver the Vessel to Buyer, free and clear of all liens, security interests, pledges, attachments, charges, liens and encumbrances and claims of any nature, to have and to hold the Vessel unto Buyer, its successors and assigns to its and their own use and benefit forever.

This instrument is executed by, and shall be binding upon, Seller and its successors and assigns, for all of the uses and purposes above set forth and referred to, effective immediately upon its delivery to Buyer.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale as of the date first above written.

WOODS HOLE, MARTHA'S VINEYARD AND NANTUCKET STEAMSHIP AUTHORITY

By: _____
Wayne C. Lamson, General Manager

Witness

COMMONWEALTH OF MASSACHUSETTS

Barnstable, ss: _____, 2007

On this _____ day of _____, 2007, before me, the undersigned notary public, personally appeared Wayne C. Lamson, proved to me through satisfactory evidence of identification (driver's license) to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily as General Manager of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority for its stated purpose.

Notary Public: _____
My commission expires: _____

DISCLAIMED. Buyer acknowledges and agrees that the Vessel is being sold in its current condition on an "AS IS," "WHERE IS" and "WITH ALL FAULTS" basis.

4. Seller warrants that it has good title to the Vessel and that the Vessel upon delivery to Buyer will be free and clear of all liens and encumbrances.
5. Buyer's acceptance of the Bill of Sale for the Vessel and the Vessel at the Closing shall be deemed to be a full performance and discharge of every agreement and obligation herein contained or expressed except such as are, by the terms hereof, to be performed after the Closing. Acceptance of the Vessel by Buyer shall constitute the admission by Buyer of Seller's full performance of its obligations under this Contract, and Buyer shall not thereafter be entitled to claim against Seller on any basis, including (without limitation) seaworthiness of the Vessel, negligence of Seller, latent defect or condition, any condition or fitness, or any representation or warranty, express or implied, with respect to the Vessel, her furnishings and equipment.
6. Immediately after the Closing, Buyer shall remove the Vessel from the Authority's vessel maintenance facility at 14 Main Street, Fairhaven, Massachusetts, at its sole risk and expense.
7. If Buyer shall fail to fulfill Buyer's agreements herein, all deposits made hereunder by Buyer shall be retained by Seller as liquidated damages, and this shall be Seller's sole remedy at law and in equity.
8. In the event of a total loss or constructive total loss of the Vessel prior to the time of Closing, then at Seller's option any deposits paid under the IFB or this Contract shall be forthwith refunded to Buyer and all other obligations of the parties hereto shall cease and this Contract shall be void without recourse to the parties hereto.
9. This Contract shall be governed under and interpreted under the laws of The Commonwealth of Massachusetts.
10. This Contract shall be executed in two (2) counterparts, and each counterpart so executed shall be deemed to be an original.
11. Buyer acknowledges that Buyer has not been influenced to enter into this transaction by, nor has it relied upon, any warranties or representations not set forth or incorporated into this Contract. The making, execution and delivery of this Contract by the parties have been induced by no statements, representations, warranties, understandings or agreements other than those herein expressed. This Contract (including the attachment hereto and the documents referred to herein which are made a part hereof as if set forth fully in this Contract) embodies the entire understanding of the parties and there are no further or other agreements or understandings, written or oral, in effect between the parties, relating to the subject matter hereof. This Contract may be amended or modified only by an instrument of equal formality signed by the duly authorized officer of the respective parties.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day, month and year first above written.

Attest:

WOODS HOLE, MARTHA'S VINEYARD AND
NANTUCKET STEAMSHIP AUTHORITY
(the "Seller")

By: _____
Wayne C. Lanson,
General Manager

Attest: _____
(the "Buyer")

By: _____

CERTIFICATION BY BUYER

I, _____ of _____, the Buyer named herein, hereby certify under the penalties of perjury, to the best of my knowledge, information and belief, that this Contract has been entered into in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business partnership, corporation, union, committee, club or other organization, entity or group of individuals.

Witness _____] _____

PRO-FORMA PURCHASE AND SALE CONTRACT
FOR THE M/V ISLANDER

CONTRACT NO. 07-07

THIS CONTRACT, made and entered into as of the _____ day of _____, 2007, by and between the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority, a public instrumentality of The Commonwealth of Massachusetts created pursuant to chapter 701 of the Acts of 1960, as amended, with principal offices located at the Foot of Railroad Avenue, Woods Hole, Massachusetts 02543 (herein called the "Seller") and _____ a _____ with a legal address and principal place of business located at _____ (herein called the "Buyer").

In accordance with this Contract and Seller's Invitation for Bids for the Purchase and Sale of the M/V Islander, Contract No. 07-07, dated May 2, 2007, and Addenda Nos. _____ through _____ to that Invitation for Bids (collectively, the "Contract Documents"), which by reference are expressly made a part hereof and incorporated as if fully set forth herein, Seller agrees to sell and Buyer agrees to buy the vessel known as the "M/V Islander", including all of the vessel's furniture, fittings, machinery, normal gear and tackle, equipment, and all other appurtenances aboard the vessel (the "Vessel"), upon the terms hereinafter set forth:

1. The agreed Total Purchase Price for the Vessel is \$ _____ (USD), of which:
 - (a) \$ 50,000.00 (USD) have been paid as a deposit prior hereto with the submission of the Buyer's bid;
 - (b) \$ _____ (USD) [equal to ten percent (10%) of the purchase price less \$50,000.00 (USD)] have been paid as a deposit this day in cash, or by certified, cashier's or bank treasurer's check(s) issued by a responsible bank or trust company located in the United States; and
 - (c) \$ _____ (USD) [equal to the remaining balance of the purchase price] are to be paid at the Closing in cash, or by certified, cashier's or bank treasurer's check(s) issued by a responsible bank or trust company located in the United States.
- \$ _____ (USD) TOTAL PURCHASE PRICE

2. The Closing shall take place at twelve o'clock noon on the _____ day of _____, 2007, at the Authority's vessel maintenance facility, located at 14 Main Street, Fairhaven, Massachusetts, unless otherwise agreed upon in writing. It is agreed that time is of the essence of this Contract. At the time of Closing:

- (a) Seller shall deliver to Buyer a Bill of Sale for the Vessel in substantially the form attached hereto as Appendix A or in such other form as may be required by the United States Coast Guard, together with such forms and instruments as may be customary or required to effect the sale of the Vessel and/or as may be reasonably requested by Buyer.
- (b) Seller shall also deliver to Buyer the Vessel in the same condition as it is now, reasonable use and wear thereof excepted.
- (c) Buyer shall pay to Seller the remaining balance of the Total Purchase Price as set forth in Paragraph 1(c) above.

3. In the event there is a dispute at or before the time of Closing as to whether the Vessel at the time of Closing is in the same condition as it is now, reasonable use and wear thereof excepted, such dispute shall be submitted to arbitration in accordance with the rules of the American Arbitration Association; provided that Buyer must mail such submission to the American Arbitration Association in Boston, Massachusetts (where the hearing will take place unless otherwise agreed to by the parties) and hand deliver a copy thereof to Seller at or before the time of Closing together with a written description detailing how the Vessel's condition differs at that time from its condition now, reasonable use and wear thereof excepted; and provided, further, that the existence of any such dispute shall not permit or provide any basis to suspend or delay the performance of any obligations of either party under this Contract, and the parties shall continue to fulfill their obligations as required under this Contract without regard to such dispute or the pendency of any proceeding with respect to the same. At the arbitration, Buyer's sole remedy shall be limited to a monetary award equal to the difference between the Vessel's value in its condition now, not to exceed the Total Purchase Price, and its value in its condition at the time of Closing, reasonable use and wear thereof excepted. The cost of the Arbitrator and submission fees shall be paid equally by Seller and Buyer, but otherwise each party shall bear its own cost and expenses, including attorney's fees, incurred in connection with the arbitration. The decision of the Arbitrator shall be final and binding upon the parties and may be enforced in any court of competent jurisdiction, subject to applicable provisions of law.

Except as set forth above in this paragraph, it is specifically agreed that Seller makes no warranty, express or implied, regarding the condition of the Vessel or its suitability for any purpose, and Seller shall not be held to any express or implied warranty of seaworthiness, merchantability, fitness for a particular purpose or workmanlike service, or otherwise, EACH AND EVERY SUCH IMPLIED WARRANTY HEREBY BEING

EXHIBIT B

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4. All of the information contained in this bid, including all of the attachments hereto, is true and correct.

5. This bid has been made and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word "person" shall mean any natural person, business, partnership, corporation, union, committee, club or other organization, entity or group of individuals.

_____ (Name of Person Signing Bid)	_____ (Title of Person Signing Bid)
_____ (Name of Bidder)	_____ (Federal ID or Soc. Sec. No.)
_____ (Street Address)	_____ (Telephone Number)
_____ (Town/City, State, Zip Code)	_____ (Fax Number)
_____ (Date)	_____ (Signature)

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BIDDERS: REMEMBER TO INCLUDE YOUR BID DEPOSIT IN THE FORM OF A CERTIFIED, CASHIER'S OR BANK TREASURER'S CHECK ISSUED BY A RESPONSIBLE BANK OR TRUST COMPANY LOCATED IN THE UNITED STATES MADE PAYABLE TO THE STEAMSHIP AUTHORITY IN THE AMOUNT OF \$50,000.00 (USD).

The undersigned acknowledges that the Authority is making no actual or implied representations or warranties regarding the condition or quality of the Vessel, and that the undersigned is offering to purchase the Vessel in its current condition on an "AS IS," "WHERE IS" and "WITH ALL FAULTS" basis. The undersigned acknowledges that the undersigned has had an adequate opportunity to inspect and preview the Vessel, and that the undersigned is under no duress to make this purchase and is doing so fully informed and of the undersigned's own free will.

The undersigned further agrees: (a) that it will not withdraw the foregoing Bid prior to the expiration of thirty (30) days after the date fixed for the opening of bids under the IFB; and (b) that in the event of the expiration of said thirty (30) day period without an award of the Contract having been made, the foregoing Bid shall remain in full force and effect for another thirty (30) days unless and until the Authority receives written notice of the withdrawal of the foregoing Bid by the undersigned.

A. BACKGROUND INFORMATION.

1. Name of Bidder: _____
being a: _____
(corporation, partnership, individual or other)
 2. If the Bidder is a corporation, the State under whose laws the Bidder was organized and is existing is: _____
- If the Bidder is a partnership, attach a copy of the Bidder's Partnership Agreement, if any, together with any amendments thereto. If no written Partnership Agreement exists, describe the material terms of the partnership, including the date that the partnership was formed.

3. Address of Principal Office: _____

Official Representative: _____
Telephone Number: _____ Fax Number: _____
E-mail Address: _____

4. Provide the names and addresses of all persons interested in this bid. (Note: Provide the first and last names in full. If the Bidder is a corporation, provide the names of the corporation's officers and directors, as well as stockholders who own more than 5% of the corporation's outstanding shares of stock. If the Bidder is a partnership, provide the names of all partners.)

7. Is the Bidder, or any person identified in your answer to Question No. 4 a current or former Member, officer, employee or agent of the Authority?
Yes or No: _____
(If Yes, Explain) _____

B. CERTIFICATIONS AND ACKNOWLEDGMENTS.

- The undersigned hereby acknowledges and certifies under the penalties of perjury, to the best of his or her knowledge, information and belief, that:
1. This bid constitutes a firm offer.
 2. In making this bid, the Bidder has relied only upon its own inspection(s) of the Vessel and the matters contained in the IFB and addenda thereto which have been issued by the Authority and disseminated to all potential bidders. The Bidder has not relied upon any other representations, either written or oral, made by the Authority and/or its Members, officers, employees or agents.
 3. The Authority is soliciting competitive bids pursuant to a determination that such a process best serves the interest of the Authority and the general public, and not because of any legal requirement to do so. The Bidder acknowledges the Authority's right to accept or to reject any and all bids prior to acceptance, and to waive any informality, all as the Authority in its sole judgment and discretion may deem to be in its best interest, except as otherwise expressly provided for in the Contract Documents.

BID

PURCHASE AND SALE OF THE M/V ISLANDER

CONTRACT NO. 07-07

[All items must be completed using this form, except that a Bidder may make its Bid in a manner other than on a copy of this form only if the Bidder clearly provides all of the information sought in this form. Additional sheets referenced by item number in the order in which they appear on this form should be used when more space is necessary for a full answer.]

Woods Hole, Martha's Vineyard and
Nantucket Steamship Authority
P.O. Box 284
Foot of Railroad Avenue
Woods Hole, Massachusetts 02543

Dear Authority Members:

In strict compliance with and subject to:

- (a) the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority's Invitation for Bids for the Purchase and Sale of the M/V Islander, Contract No. 07-07, dated May 2, 2007 (the "IFB");
- (b) the Pro-Forma Contract for the Purchase and Sale of the M/V Islander, attached as Exhibit B to the IFB; and
- (c) the following Addenda issued pursuant to said IFB: (Bidder will list all Addenda to the Invitation for Bids, with number and date.)
 - (i) Addendum No. _____ dated _____ to the Invitation for Bids;
 - (ii) Addendum No. _____ dated _____ to the Invitation for Bids;
 - (iii) Addendum No. _____ dated _____ to the Invitation for Bids;

(herein collectively referred to as the "Contract Documents"), which by reference are expressly made a part hereof and incorporated herein, the Undersigned:

(Name of Bidder)

hereby proposes to purchase the M/V Islander (the "Vessel") in strict accordance with and subject to the terms and conditions of the Contract Documents for the following Total Purchase Price, as that term is used in Paragraph 1 of the Pro-Forma Purchase and Sale Contract attached as Exhibit B to the IFB:

(Amount in Words) (United States Dollars)

(US \$ _____)
(Amount in Numbers)

The undersigned also agrees that the Closing, as that term is used in Paragraph 2 of the Pro-Forma Purchase and Sale Contract attached as Exhibit B to the IFB, will take place at twelve o'clock noon on _____ (a date which is neither a Saturday, Sunday nor legal holiday, nor later than August 31, 2007). The undersigned acknowledges and agrees that time is of the essence.

The undersigned accepts and agrees to all the terms and conditions of the Contract Documents as fully as if they were separately repeated and agreed to in this bid.

The undersigned acknowledges that it has received and read the Pro-Forma Purchase and Sale Contract attached to the IFB as Exhibit B. Upon acceptance of the aforesaid bid by the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (hereinafter referred to as the "Seller"), the undersigned agrees to enter into a Purchase and Sale Contract with the Owner in the form of the Pro-Forma Purchase and Sale Contract referred to above within ten (10) calendar days after notice of acceptance of its bid and at that time also furnish the requisite additional deposit in an amount equal to at least ten percent (10%) of the Total Purchase Price less the \$50,000.00 (USD) paid herewith as a deposit.

EXHIBIT A

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III. EVALUATION OF BIDS AND CONTRACT AWARD

A. Bid Opening and Evaluation Procedure.

At 2:00 p.m. prevailing time on Tuesday, July 10, 2007, all bids will be opened publicly and read aloud in the second floor conference room of the Authority's Woods Hole terminal. After the opening of the bids, the Authority's Procurement Officer shall prepare a register of bids which shall include the name of each bidder and the number of modifications, if any, received prior to the opening of the bids. The register of bids shall be open for public inspection.

The Authority will not, after the opening of bids, receive, either directly or indirectly, from bidders or any persons acting for them, any communication, plan or explanation, either oral or in writing, tending to explain or modify any bids in any way whatever unless such communication, plan or explanation is requested by the Authority, which request the Authority shall have the right to make.

B. Confirmation of Responsible and Eligible Bidders.

In determining whether a bidder is responsible and eligible to be awarded the Contract (see Section I (E), *supra*), the Authority may conduct such investigation as the Authority deems necessary and appropriate to verify the information submitted.

C. Award of Contract.

The Authority shall be responsible for awarding the Contract in its sole discretion. The Authority may also condition an award on the successful negotiation of any revisions to a bidder's bid, or may decline to make any award at all; provided, however, that in the event the highest bid received by the Authority which complies in all respects with this IFB contains an offer to pay the Authority a Total Purchase Price for the Vessel of \$750,000.00 (USD) or more, the Authority will sell the Vessel to the highest eligible and responsible bidder in accordance with its bid.

Subject to the foregoing and the provisions of Section I (L) and Section III (F), the Authority shall award the Contract to the responsible and eligible bidder whose Total Purchase Price is the highest of all the responsible and eligible bidders who submit bids; provided that if two or more bidders submit bids with identical highest Total Purchase Prices, the Authority shall select the successful bidder from among them in accordance with Mass. G.L. c. 30B. In the event the Authority awards the Contract, it shall deliver written notice of the award to the selected bidder no later than ten (10) calendar days after the opening of bids. The parties may extend the time for acceptance by mutual agreement.

D. Execution of Contract.

Within ten (10) calendar days after notice of being awarded the Contract, the successful bidder shall execute and return the Purchase and Sale Contract to the Authority and at the same time shall furnish the Authority with the appropriate additional deposit as required under the Contract. For good cause shown, the Authority may, but is not required to, extend the time for the return of the Contract and the furnishing of the additional deposit for one or more periods which in the aggregate shall not exceed thirty (30) calendar days.

No bid, nor any action taken by the Authority shall bind the Authority until it signs the Contract, notwithstanding a notice of selection and/or Contract award. The bidder shall bear all risks for any actions taken in anticipation of being awarded the Contract before the Authority signs the Contract.

E. Failure to Execute Contract.

Failure by any successful bidder to return the signed Contract and the appropriate additional deposit in accordance with the terms of this IFB and the pro-forma Purchase and Sale Contract shall result in forfeiture of the bidder's bid deposit.

F. Reservation of Rights by the Authority.

The Authority is soliciting competitive bids pursuant to a determination that such a process best serves the interest of the Authority and the general public, and not because of any legal requirement to do so. The Authority reserves the right to accept or to reject any and all bids, to modify or amend with the consent of the bidder any bid prior to acceptance, and to waive any informality, all as the Authority in its sole judgment and discretion may deem to be in the public interest or the best interest of the Authority to do so; provided, however, that in the event the highest bid received by the Authority which complies in all respects with this IFB contains an offer to pay the Authority a Total Purchase Price for the Vessel of \$750,000.00 (USD) or more, the Authority will sell the Vessel to the highest eligible and responsible bidder in accordance with its bid.

IV. EXHIBITS TO THE INVITATION FOR BIDS

- A. Bid Form.
- B. Pro-Forma Contract.
- C. Vessel Condition Survey Report, dated April 12, 2007.

No claim shall be allowed because of any ambiguity in this IFB or the pro-forma Purchase and Sale Contract if: (i) the bidder discovers an ambiguity, but fails to notify the Authority; or (ii) the bidder failed to discover a patent ambiguity that would have been discovered by a reasonably prudent bidder in preparing its bid.

Any failure of a bidder to take the actions acknowledged above shall not relieve the bidder from the responsibility of proceeding successfully to perform its obligations under the Contract without additional expense to, or claim against, the Authority.

E. Submission of Sealed Bids and Due Date

Bids in response to this IFB will be accepted until **2:00 p.m. prevailing time on Tuesday, July 10, 2007**, at the Authority's Procurement Office, which is located in the Authority's General Offices on the second floor of the Woods Hole Terminal, P.O. Box 284, Foot of Railroad Avenue, Woods Hole, Massachusetts 02543.

All bid documents (appropriately executed and providing all of the information requested therein) and the bid deposit required under Section II (A) must be submitted in a sealed envelope or other sealed container duly marked so as to identify them as a Bid for the Purchase and Sale of M/V Islander, Contract No. 07-07.

Bids may be hand delivered to the Authority during regular business hours at the Authority's Procurement Office prior to 2:00 p.m. prevailing time on Tuesday, July 10, 2007. Such bids may also be mailed sufficiently in advance of July 10, 2007 to ensure that they are received by the Authority before 2:00 p.m. on that date. All envelopes or other sealed containers are to be addressed as follows:

"Peggy Nickerson, Procurement Officer
Woods Hole, Martha's Vineyard and
Nantucket Steamship Authority
Procurement Office
P. O. Box 284
Foot of Railroad Avenue
Woods Hole, Massachusetts 02543"

NOTE: Bids or any parts thereof received in the Procurement Office after the time and date stated above may be rejected as non-responsive to this IFB. Delivery of any bids to any office, function or location other than the Procurement Office may NOT constitute receipt by the Authority. It is the sole responsibility of bidders to ensure that bids are received at the proper location prior to the stated deadline. Bidders should plan accordingly for timely delivery. Bidders also should be aware that bids delivered by United Parcel Service are ordinarily delivered to the Authority's warehouse at an off-site location, not the Procurement Office, and such delivery will NOT constitute receipt by the Authority unless and until the bid is in turn delivered from the warehouse to the Procurement Office prior to the time and date stated above.

Again, the Authority assumes no responsibility to ensure that bids received at the warehouse are in turn timely delivered to the Procurement Office.

Telegraphic, telexcopied and emailed bids will not be considered.

Bidders are advised that the Authority is a public entity and that all bids submitted in response to this IFB will become public records, unless specifically exempted under Mass. G.L. c. 4, § 7, clause twenty-sixth.

F. Bids Received Prior to the Time Fixed for the Opening of Bids

Bids received prior to the time fixed for the opening of bids will be securely kept, and unopened, if identified as herein required. The Authority will decide when the time fixed for the opening of bids has arrived and no bid received thereafter will be considered. No responsibility shall attach to any representative of the Authority for the premature opening of a bid.

G. Corrections, Modifications and Withdrawal of Bids

A bidder may correct, modify or withdraw a bid only by written notice received by the Authority's Procurement Officer, Peggy Nickerson, in the Procurement Office of the Authority prior to the time fixed for the opening of bids hereunder, but not thereafter. Faxed or emailed requests shall not be considered by the Authority.

After the bids are opened, no bid will be allowed to be withdrawn for any reason whatsoever between the time for the public opening of bids and thirty (30) calendar days thereafter. Nor will a bidder be allowed to change the price or any other provision of a bid in a manner prejudicial to the interest of the Authority or fair competition. As indicated in the Bid Form attached hereto as Exhibit A, each bidder is required to agree that:

1. its bid will not be withdrawn before the expiration of thirty (30) days after the date fixed for the opening of bids hereunder; and
2. in the event of the expiration of said thirty (30) day period without an award of the Contract having been made, its bid shall remain in full force and effect for another thirty (30) days unless and until a written notice of the bidder's withdrawal of its bid is received by the Authority.

The Authority may, but is not required to, waive minor informalities in a bid or allow the bidder to correct them. If a mistake and the intended bid are clearly evident on the face of the bid documents the Authority may correct the mistake to reflect the intended correct bid and so notify the bidder in writing, and the bidder may not withdraw the bid. A bidder may withdraw a bid if a mistake is clearly evident on the face of the bid documents but the intended correct bid is not similarly evident. Otherwise, no mistake on the part of a bidder in preparing its bid confers any right for the withdrawal of such bid after the time fixed for the opening of bids hereunder.

B. Form of Bidding - Bid Forms.

Each bidder shall submit one (1) signed original of its bid in the manner described in this IFB. In order to be deemed responsive, bids must be made on copies of the Bid Form furnished by the Authority and attached to this IFB as Exhibit A (except that a bidder may submit its bid in another manner if all of the information sought in that form is clearly provided), with such attachments as are necessary to provide all of the information sought in the form.

Only bids on a fixed-price basis will be accepted. There will be no charges or service fees applicable to the Authority in connection with the transaction. Bids must state the amount of the bid, both in words and figures. If there is a discrepancy between the written words and the numbers setting forth the amount of a bidder's bid, the written words will govern.

Bids must also state the date on which the bidder proposes to have the Closing for the transaction, at which time the bidder will be required to pay to the Authority the balance of the Total Purchase Price in accordance with the provisions of the Purchase and Sale Contract and accept the Vessel upon its delivery by the Authority at the Authority's vessel maintenance facility, 14 Main Street, Fairhaven, Massachusetts. The Closing date must be a normal business day (not a Saturday, Sunday or legal holiday) within the time period ending August 31, 2007.

Each bid must be complete, and all information, prices, acknowledgments and signatures shall be legibly entered in the spaces provided on the bid form (or on the bidder's attachments thereto), typed or in ink, and without alteration. Bids also must be signed by the bidder. If a bid is submitted by a corporation, it shall be signed in the name of the corporation, followed by identification of the position the signer holds in the corporation. If a bid is submitted by a partnership, it shall be so stated and the bid shall contain the names of each partner and shall be signed in the firm name, followed by the signatures of the partners. If a bid is submitted by a joint venture, it shall be accompanied by a certified copy of the joint venture agreement, documents evidencing the authority of all parties to the joint venture to submit the bid, and a financial statement for the joint venture describing in detail the individual contributions of all parties to the joint venture. When requested by the Authority, satisfactory evidence of all authority of officer(s) signing in behalf of the bidder shall be furnished promptly.

Except as otherwise provided herein, bids, which are incomplete or contain alterations or which otherwise fail to comply with the provisions of this IFB may be rejected as non-responsive. Misrepresentations in a bid may be cause for rejection of a bid, cancellation of any award of an Contract to the bidder or termination of the Agreement for cause.

C. Bid Deposit.

Every bid submitted for the Contract must be accompanied by a bid deposit in the form of a certified, cashier's or bank treasurer's check issued by a responsible bank or trust company, located in the United States, payable to the "Woods Hole, Martha's Vineyard and Nantucket Steamship Authority." The amount of such bid deposit shall be \$50,000.00 (USD).

All bid deposits of bidders, except those of the three highest responsible and eligible bidders, shall be returned within seven calendar days after the date of Contract award or, if no award is made, upon the expiration of the time prescribed by this IFB for making an award. The bid deposits of all remaining bidders except the one awarded the Contract shall be returned upon the execution and delivery of the Contract or, if no award is made, upon the expiration of the time prescribed by this IFB for making an award; except that, if any bidder who fails to perform its obligation to execute the Contract in accordance with this IFB, its bid deposit shall become and be the property of the Authority, as liquidated damages and not as a penalty; provided that the amount of the bid deposit which becomes the property of the Authority shall not in any event exceed the difference between the bidder's bid price and the bid price of the next highest responsible and eligible bidder; and provided further that, in case of death, disability, bona fide clerical or mechanical error of a substantial nature, or other similar unforeseen circumstances affecting the bidder, its deposit shall be returned to it.

D. Acknowledgments.

Each bidder must carefully examine this IFB, including all of its exhibits. The submission of a bid shall be conclusive evidence that the bidder has made its examinations and understands all requirements for the performance of the Contract. By submitting a bid, each bidder further warrants, agrees and acknowledges that:

1. the bidder has taken steps reasonably necessary to ascertain the nature and scope of the Contract, and understands that failure to do so will not be justification for a protest or claim against the Authority;
2. the bidder has been provided an adequate opportunity to inspect the Vessel, and that any failure on its part so to examine the Vessel or any form, instrument, or document shall in no way relieve the bidder from any of its obligations under the Contract;
3. the bidder has satisfied itself as to the adequacy of time allowed for the performance of the Contract, including the pick-up of the Vessel at the Authority's vessel maintenance facility, located at 14 Main Street, Fairhaven, Massachusetts;
4. the bidder has not discovered any patent ambiguities, other than those previously identified in writing to the Authority, that would be discovered by a prudent bidder in preparing its bid;
5. the bidder is familiar and will comply with all Federal, State and local laws, ordinances and regulations applicable in connection with the Contract; and
6. the bidder has read, fully understands and intends to sign and be bound by the Purchase and Sale Contract, the pro-forma version of which is attached to this IFB as Exhibit B, in substantially the form and format provided by the Authority.

R. Preparation Costs.

The Authority shall not be liable to any bidder for its bid preparation costs or any other direct or indirect costs arising from the preparation of a response to this IFB.

G. Pre-IFB Representations.

All information previously provided by the Authority to interested parties, whether verbal or in writing, is superseded by the contents of this IFB and any Addenda hereto. The Authority shall not be liable to any person for any prior representation made by Authority personnel or the contents of any preliminary documents issued prior to this IFB.

H. IFB Interpretation.

If a prospective bidder desires an explanation, clarification or interpretation of any part of this IFB or the pro-forma Purchase and Sale Agreement, it may submit a written (or electronic) request for an interpretation thereof to:

Wayne C. Lamson, General Manager
Woods Hole, Martha's Vineyard and Nantucket Steamship Authority
P.O. Box 284
Foot of Railroad Avenue
Woods Hole, Massachusetts 02543
Tel: (508) 548-5011 ext 200
Fax: (508) 548-0920
Email: wlamson@steamshipauthority.com

To facilitate timely responses, the Authority will accept only written, faxed or electronic questions during the IFB process. Questions received less than seven (7) calendar days prior to the date fixed for the public opening of bids may or may not be considered, in the Authority's sole discretion. Any interpretation of this IFB or the pro-forma Purchase and Sale Contract will be made solely at the Authority's option, as an Addendum to this IFB. The Authority will not be responsible for any other explanations or interpretations of this IFB or the pro-forma Purchase and Sale Contract. Oral explanations, interpretations or instructions given by anyone (including Mr. Lamson) before the award of the Purchase and Sale Contract will not be binding on the Authority.

Bidders are advised to rely only upon their own inspections of the Vessel and the matters contained in this IFB, the pro-forma Purchase and Sale Contract and any Addenda to the IFB subsequently issued by the Authority. Any matters which are brought to the Authority's attention and which, in the opinion of the Authority, materially affect the competitive bid process will be clarified in writing by the Authority in the form of Addenda to this IFB, with copies sent to all persons who have requested and received a copy of the IFB.

I. Addenda to this IFB.

The Authority will furnish, in the form of Addenda to this IFB, copies of any changes or additions to this IFB and any documents referred to herein or attached hereto (including but not limited to the pro-forma Purchase and Sale Contract) that are made by the Authority subsequent to the date of this IFB to each person who receives a copy of this IFB. Bids shall be submitted and evaluated in accordance with this IFB, as so added to and/or changed by the Addenda hereto. All such changes and additions shall be deemed to be incorporated in this IFB and any documents referred to herein or attached hereto.

K. Computation of Time.

All periods of time herein specified shall be computed by including Saturdays, Sundays and holidays, except that, if such period terminates on a Saturday, Sunday or holiday, it shall be deemed extended to the business day next succeeding.

L. Reservation of Rights by the Authority.

The Authority is soliciting competitive bids pursuant to a determination that such a process best serves the interest of the Authority and the general public, and not because of any legal requirement to do so. The Authority reserves the right to accept or to reject any and all bids, to modify or amend with the consent of the bidder any bid prior to acceptance, and to waive any informality, all as the Authority, in its sole judgment and discretion may deem to be in the public interest or in the best interest of the Authority. Nevertheless, in the event the highest bid received by the Authority that complies in all respects with this IFB contains an offer to pay the Authority a Fleet Purchase Price for the Vessel of \$750,000.00 (USD) or more, the Authority will sell the Vessel to the highest eligible and responsible bidder in accordance with its bid.

II. SUBMISSION OF BIDS

A. Minimum Requirements of Bids.

In order for a bidder's bid to be considered by the Authority as eligible and responsible, the bidder must meet the following minimum requirements:

1. The bidder must submit one (1) signed original of its bid in accordance with Section II(B) of this IFB and otherwise in the manner described in this IFB.
2. The bid must be accompanied by a bid deposit in accordance with Section II (C) of this IFB in the amount of \$50,000.00 (USD).



Woods Hole, Martha's Vineyard and Nantucket Steamship Authority

INVITATION FOR BIDS PURCHASE AND SALE OF THE M/V ISLANDER

CONTRACT NO. 07-07

The Woods Hole, Martha's Vineyard and Nantucket Steamship Authority (at times hereafter referred to as the "Authority" or the "Seller") hereby invites sealed bids from responsible and eligible bidders who wish to purchase the M/V Islander (the "Vessel"), in accordance with the terms and conditions of this Invitation for Bids ("IFB"). Sealed bids will be accepted until **2:00 p.m. prevailing time on Tuesday, July 10, 2007**, at the Authority's Procurement Office, which is located in the Authority's General Offices on the second floor of the Woods Hole Terminal, P.O. Box 284, Foot of Railroad Avenue, Woods Hole, Massachusetts 02543.

I. INTRODUCTION

A. Background.

The Authority is a public instrumentality of The Commonwealth of Massachusetts created in 1960 to provide adequate transportation of persons and necessities of life for the islands of Nantucket and Martha's Vineyard. Under its enabling act, the Authority provides year-round ferry service for passengers, automobiles and freight trucks between Woods Hole and Martha's Vineyard, and between Hyannis and Nantucket.

The Authority presently owns a 200 foot, double-ended passenger/vehicle ferry known as the M/V Islander (the "Vessel"), with which it has been providing ferry service between the mainland of Massachusetts (principally Woods Hole) and the islands of Nantucket and Martha's Vineyard (principally Vineyard Haven on Martha's Vineyard) since 1950. In March 2007, the Authority replaced the Vessel and then declared the Vessel to be surplus to the Authority and available for delivery to the successful Buyer of the Vessel in accordance with this IFB. The Vessel currently has a certificate of inspection from the United States Coast Guard allowing it to carry up to 770 passengers, and has a freight deck capacity equivalent to 50 car spaces.

Issued: May 2, 2007

B. Invitation for Bids Process.

The Authority is utilizing an Invitation for Bids ("IFB") process to sell the Vessel no later than July 31, 2007. This IFB fully details the process and the requirements for the submission of bids from persons interested in purchasing the Vessel. Persons interested in purchasing the Vessel must submit a bid in the form attached hereto as Exhibit A and in compliance with the provisions hereof.

Unless all bids are rejected, the Authority shall award the Purchase and Sale Contract to the eligible and responsible bidder who submits the highest bid for the Vessel.

C. Purchase and Sale Contract.

The pro-forma Purchase and Sale Contract for the Vessel, which is the form of the Purchase and Sale Contract that must be executed by the successful bidder selected by the Authority, is attached hereto as Exhibit B.

D. Description and Inspection of the Vessel.

The Vessel is being sold pursuant to this IFB on an "AS IS", "WHERE IS" and "WITH ALL FAULTS" basis, and with no warranty or representation of any nature by the Authority. The Authority makes no warranty or guarantee of any type regarding the condition or the functional operation of the Vessel or its suitability for service. The Condition Survey Report dated April 12, 2007, attached hereto as Exhibit C, is being provided only for the purpose of identifying the items included in the sale of the Vessel.

It is strongly suggested that bidders inspect the Vessel prior to the submission of their bids. Potential bidders who wish to inspect the Vessel may do so by appointment at their own cost and convenience, and may also arrange for the inspection of the Vessel by a surveyor or similar technical representative of their choice. Persons wishing to inspect the Vessel should contact the Authority's Director of Engineering and Maintenance, Carl R. Walker, by telephone at (508) 548-5011, ext. 288, or by email addressed to cwalker@steamshipauthority.com.

E. Minimum Qualifications of Bidders.

No bidder shall be deemed a responsible and eligible bidder unless, in the Authority's sole judgment, the bidder submits a bid which conforms in all respects to this IFB.