

MINUTES
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

January 20 and 21, 1995

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met the 20th day of January, 1995, beginning at 8:00 a.m., in the conference room of the Authority's Woods Hole Terminal at the Foot of Railroad Avenue, Woods Hole, Massachusetts.

Present were all four of the Authority's Members: Chairman Ronald H. Rappaport of Dukes County; Vice Chairman William R. Andrews of Falmouth; Secretary Bernard D. Grossman of Nantucket; and Associate Secretary Robert L. O'Brien of Barnstable.

Also present was Finance Advisory Board Member Paul R. Kelleher of Falmouth.

The Authority's Acting General Manager and Treasurer/Comptroller, Wayne C. Lamson, and its General Counsel, Steven M. Sayers, were also present, together with Richard T. Bennett, Vice President of Isaacson Miller, Inc.

At approximately 8:30 a.m., George B. Auchy joined the meeting. Mr. Auchy was interviewed by the Members until approximately 9:30 a.m., after which time he left the meeting.

At approximately 9:45 a.m., David S. Chapman joined the meeting. Mr. Chapman was interviewed by the Members until approximately 10:45 a.m., after which time he left the meeting.

At approximately 11:00 a.m., William M. Costick joined the meeting. Mr. Costick was interviewed by the Members until approximately 12:00 noon, after which time he left the meeting.

At approximately 1:00 p.m., Shirley J. Kohlwes joined the meeting. Ms. Kohlwes was interviewed by the Members until approximately 2:00 p.m., after which time she left the meeting.

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At approximately 2:15 p.m., David L. Parr joined the meeting. Mr. Parr was interviewed by the Members until approximately 3:15 p.m., after which time he left the meeting.

At approximately 3:30 p.m., Armand L. Tiberio joined the meeting. Mr. Tiberio was interviewed by the Members until approximately 4:30 p.m., after which time he left the meeting.

IT WAS THEN VOTED -- upon Mr. Grossman's motion, seconded by Mr. Andrews -- that William M. Costick, Armand L. Tiberio and Wayne C. Lamson be considered further for the position of General Manager, and that they be invited for additional interviews the following morning, beginning at 8:30 a.m., in the conference room of the Authority's General Offices at its Woods Hole terminal.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

At approximately 5:30 p.m., Mr. Rappaport announced that the meeting would stand in recess until 8:00 a.m. the following day.

The Members reconvened their meeting the 21st day of January, 1995, again beginning at 8:00 a.m. in the conference room of the Authority's Woods Hole Terminal at the Foot of Railroad Avenue, Woods Hole, Massachusetts.

Present were all four of the Authority's Members: Chairman Ronald H. Rappaport of Dukes County; Vice Chairman William R. Andrews of Falmouth; Secretary Bernard D. Grossman of Nantucket; and Associate Secretary Robert L. O'Brien of Barnstable.

Also present was Finance Advisory Board Member Paul R. Kelleher of Falmouth.

The Authority's Acting General Manager and Treasurer/Comptroller, Wayne C. Lamson, and its General Counsel, Steven M. Sayers, were also present, together with Richard T. Bennett, Vice President of Isaacson Miller, Inc.

At approximately 8:40 a.m., William M. Costick joined the meeting. Mr. Costick was interviewed by the Members until approximately 9:30 a.m., after which time he left the meeting.

At approximately 9:40 a.m., Armand L. Tiberio joined the meeting. Mr. Tiberio was interviewed by the Members until approximately 11:00 a.m., after which time he left the meeting.

IT WAS THEN VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to go into executive session to discuss the selection of the Authority's next General Manager, insofar as a public discussion of the candidates for the position would be detrimental to the Authority's strategy with respect to collective bargaining.

**VOTING AYE: Messrs. Grossman, Rappaport and Andrews
VOTING NAY: None**

Mr. Rappaport stated that the Members would reconvene in public at the conclusion of their executive session.

At approximately 12:00 noon, the Members reconvened their meeting in public session.

After Mr. Rappaport stated that he would entertain a motion to designate who would be the leading candidate for the position of General Manager, Mr. Andrews declared that he was very enthusiastic about the possibility of Mr. Tiberio occupying that position. Mr. Andrews stated that he was very impressed with Mr. Tiberio's vast background in operations and human resources at the Washington State Ferry System and that, in his opinion, Mr. Tiberio perfectly fit the Authority's needs at this time. Mr. Kelleher agreed, stating that Mr. Tiberio's experience level and background would be a big plus for the Authority.

Mr. O'Brien, noting that the Members had interviewed two highly qualified candidates that day, declared that either one would be an excellent choice for the Authority. Mr. Grossman similarly stated that both candidates were very experienced individuals in different types of organizations. However, Mr. Grossman said that, before making any decision, he would prefer to have further research conducted of Mr. Tiberio's background and that, therefore, he would abstain from voting at that time.

Mr. Rappaport agreed with the other Members that the Authority was fortunate to have two excellent candidates for the position of General Manager. In expressing his preference for Mr. Tiberio, Mr. Rappaport stated that he was taking into consideration Mr. Tiberio's extensive experience with the Washington State Ferry System, and noted that the island communities served by that system have been facing the same development pressures that are currently confronting Martha's Vineyard, Nantucket and Cape Cod.

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- that Armand L. Tiberio be designated the leading candidate for the position of General Manager, subject to such further background checks as deemed appropriate by the Members (which may include a site visit of Mr. Tiberio's operations), and also subject to the successful negotiation of an employment agreement with the candidate.

VOTING AYE: Messrs. Rappaport and Andrews
VOTING NAY: None

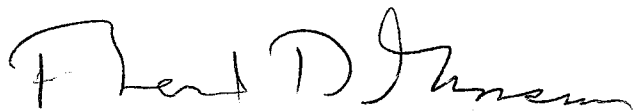
In response to a question from Jason Gay, a reporter for *The Vineyard Gazette*, Mr. Rappaport said that the Members would make every effort to finalize their background check of Mr. Tiberio as rapidly as possible.

IT WAS VOTED -- to go into executive session again for the purpose of discussing real estate negotiations.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

At approximately 12:40 p.m., Mr. Rappaport stated that the Members would not reconvene in public at the conclusion of the executive session.

A TRUE RECORD



BERNARD D. GROSSMAN, Secretary

MINUTES
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

January 26, 1995

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 26th day of January, 1995, beginning at 9:30 a.m., in the conference room of the Authority's Woods Hole Terminal at the Foot of Railroad Avenue, Woods Hole, Massachusetts.

Present were three of the Authority's Members: Chairman Ronald H. Rappaport of Dukes County; Vice Chairman William R. Andrews of Falmouth; and Secretary Bernard D. Grossman of Nantucket.

Also present were two members of the Authority's Finance Advisory Board: Robert C. Murphy of Dukes County; and Norman F. Beach of Nantucket.

The following members of the Authority's management staff were also present: Acting General Manager and Treasurer/Comptroller Wayne C. Lamson; General Counsel Steven M. Sayers; Customer Services Manager Gina Barboza; Special Projects Manager Wesley J. Ewell; and Executive Secretary to the General Manager Maxine Horn.

Mr. Rappaport opened the meeting by stating that it was a particular honor for him to succeed Mr. Grossman as Chairman of the Authority. Noting that Mr. Grossman was entering his twentieth year of service to the Authority, Mr. Rappaport congratulated him on his fifth three-year appointment as the Authority's Nantucket Member. Mr. Rappaport also congratulated the Nantucket selectmen for their wisdom in continuing to have Mr. Grossman serve the island and the Authority in this capacity.

Mr. Rappaport then noted that Mr. Murphy was similarly entering into his eighth term as the Dukes County Member of the Authority's Finance Advisory Board. Mr. Rappaport thanked Mr. Murphy for his fourteen years of valuable service to the

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Authority, declaring that Mr. Murphy had been particularly helpful to him during the last two years.

Mr. Rappaport also informed the public that Robert L. O'Brien, the Authority's Barnstable Member, and Paul R. Kelleher, the Falmouth Member of the Authority's Finance Advisory Board, were not able to attend the meeting because they were in Seattle, Washington, conducting additional background checks of Armand L. Tiberio. Mr. Rappaport stated that, after two days of public interviews the previous weekend, the Members had selected Mr. Tiberio as their leading candidate for the position of General Manager. Mr. Rappaport said that he hoped Mr. Tiberio would be able to begin his employment with the Authority within the next few months, assuming that the background checks are satisfactory and the parties are able to conclude contract negotiations.

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IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Andrews -- to approve the prepared minutes of the Members' meeting in public session on December 15, 1994.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Requests for Bids:

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to award Contract No. 23-94 for the 1995 Steamship Authority Color Brochure to the lowest eligible and responsible bidder for the contract, Concord Litho Company, Inc., of Concord, New Hampshire, for the Estimated Total Contract Price of \$45,675.00.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Mr. Lamson advised the Members that the management staff originally had recommended that the contract be awarded to W.E. Andrews Co., Inc., in the amount of \$37,500. However, W.E. Andrews had just notified the Authority the previous day that it would not be able to perform its obligations under the contract, and requested permission to withdraw its bid. Therefore, the staff was recommending that the contract instead be awarded to

Concord Litho Company, Inc., the next lowest responsible and eligible bidder, as recommended by the Authority's advertising agency, Moore & Isherwood.

Hyannis Terminal Reconstruction Project:

With respect to the Hyannis Terminal Reconstruction Project, Mr. Ewell reported that the Massachusetts Highway Department was finally prepared to advertise the marine and site work contract for a bid opening on March 14, 1995, and that the Authority had correspondingly extended its bid opening for the terminal contract so that sub-bids for that contract would be opened on March 1, 1995 and general bids opened on March 15, 1995. Mr. Ewell also stated that the Authority had received all the permits required for the project, including a water quality permit which provides the Authority with two windows during which it will be able to dispose of dredge spoils offshore in Cape Cod Bay. Mr. Ewell noted, however, that although offshore disposal of the dredge spoils will be much more convenient and less disruptive to the community than disposing them at the Barnstable land fill, it probably will not result in any cost savings to the Authority due to the distance which the spoils will have to be barged.

Mr. Ewell stated that construction of the new Hyannis terminal building was now scheduled to begin sometime in April 1995, and that he expected the building to be completed and operational for the 1996 summer season. However, the Highway Department was scheduling the marine and site work over an 18 to 24 month period, so the new pier probably would not be fully operational until the 1997 summer season. Nevertheless, Mr. Ewell assured the Members that the Authority would be able to stage the project in such a way so that the construction of both the terminal and the pier would occur on an adjacent site, thereby minimizing any disruption to the Authority's operations.

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Andrews -- to approve the payment of Change Order No. 19, dated December 12, 1994, from EARTH TECH, formerly HMM Associates, Inc., for additional services rendered in connection with the Hyannis Ferry Terminal Reconstruction Project attributable to certain dolphin design modifications requested by the Barnstable Historical Commission.

**VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None**

Vineyard Haven Terminal Reconstruction Project:

Mr. Ewell then reported that the Vineyard Haven Terminal Reconstruction Project was proceeding very well and that, although the contract did not require the project to be completed until August 6, 1995, favorable weather had allowed the contractor to hold to a schedule which may allow completion by the end of June 1995. Mr. Ewell also advised the Members that he had been generally pleased with the high quality of the work. Although certain concrete form work was being rejected due to its sloppy appearance, Mr. Ewell stated that the Authority was not requiring its removal because its structural strength was higher than that specified in the contract. Instead, the contractor was being required to apply a cement and adhesive mixture over all of the concrete so that, in the end, the finish similarly will meet a higher specification than that originally required.

In response to a question from Mr. Rappaport, Mr. Ewell said that the project was past the point where the Authority would have been likely to run into big surprises. Mr. Ewell said that the contractor was requesting only an additional \$35,000 for changes that resulted from the recent design modifications which were made after the contract was signed. Therefore, barring something totally unforeseen, Mr. Ewell stated that he expected the project to come in very close to budget, if not within budget.

Mr. Ewell stated that one remaining issue involved the installation of a new twelve-inch water line in Water Street, which will cost approximately \$59,000. (The new line has to be installed because the present four-inch water line cannot provide a sufficient volume of water for the new terminal building's sprinkler system.) In this regard, Mr. Ewell said that he was attempting to negotiate a cost sharing arrangement for that work, since there will be seven other users of the line on Water Street. Mr. Rappaport encouraged Mr. Ewell to maintain a fairly hard line during those negotiations, since both the Town and the other users on Water Street will receive a benefit from the new line and, therefore, it did not appear to be appropriate for the Authority to bear the full cost of the line. Mr. Rappaport noted that the Town receives free travel on the Authority's vessels and suggested that one possible compromise would be for the Authority to be charged lower water rates over the years.

Mr. Ewell then asked the Members to consider amending the construction contract so that the contractor would have a financial incentive to complete the project earlier than the required date of August 7, 1995. Mr. Ewell stated that in the

industry such incentives are usually in the same amount as the penalty that is imposed upon the contractor for late completion, which in the Authority's contract is \$500 per day. Therefore, because it would be to the Authority's advantage to have the contractor complete the project (including all required landscaping) before the 1995 Independence Day weekend, Mr. Ewell proposed that the Members approve an early completion incentive bonus of \$500 per day, up to a maximum of 38 days before August 7, 1995.

Mr. Grossman expressed his agreement with such a concept, but asked Mr. Ewell whether the bonus could be structured in such a way so that the contractor would have more incentive to complete the project before June 30, 1995 rather than sometime later during the summer season. The other Members agreed, noting that the major reason for paying an early incentive bonus was to have the project completed by the Independence Day Weekend and that, if the project was not completed by then, it did not make as much difference to the Authority whether the project was finished by August 7, 1995 or a few weeks earlier than that.

IT WAS VOTED -- to authorize the management staff to negotiate an amendment to the construction contract with J.K. Scanlan Company to provide for the payment of a bonus for early completion of the Vineyard Haven Terminal Reconstruction Project, with a target date of June 30, 1995, in an amount not to exceed \$19,000.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Hyannis Dredging Project:

Mr. Ewell reported that the feasibility study conducted by the U.S. Army Corps of Engineers has shown that it will be cost effective to widen the Lewis Bay channel from 150 feet to 240 feet, which will give the Authority's vessels more room to maneuver. (The dredging project will also ease certain of the turns in the channel from single to double angles.) Mr. Ewell stated that the study also has concluded that it will be cost effective to deepen the channel from 12 feet to 13 feet, which will reduce the amount of sand scouring that occurs on the vessels' propellers and hulls. Mr. Ewell estimated that, all in all, the project could result in a time savings to the Authority of approximately ten minutes per trip between Hyannis and Nantucket.

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Mr. Ewell also reported that the project's construction cost was now being estimated at just under \$2 million, which was less than the previous estimate of around \$2.4 million. Accordingly, Mr. Ewell stated, the non-federal share of that cost, which will be primarily the Authority's responsibility, would be somewhere around \$424,000, and could be as low as \$300,000. In this regard, R. Murray Scudder, Vice President of Hyannis Harbor Tours, Inc. ("Hy-Line"), repeated Hy-Line's commitment to make a contribution towards that non-federal share in the amount of \$15,000 per year for five years.

Mr. Ewell stated that the project would probably commence around October 1996, and would take approximately six months to complete. In response to a question from Mr. Beach, Mr. Ewell said that during the construction period the dredge operators would be in constant communication with the captains of the Authority's vessels in order to minimize any disruption to the Authority's operating schedules.

In response to a question from Mr. Rappaport, Mr. Ewell repeated that the project will result in a number of direct benefits to the Authority. It will reduce the length of time of the Authority's trips between Hyannis and Nantucket; it will reduce the sand scouring of the vessels' propellers and hulls and, as a result, reduce vessel maintenance costs; and it will also increase safety by increasing vessel maneuverability in the channel.

In response to a question from Mr. Andrews, Mr. Ewell reported that the study commissioned by the Authority on sediment migration in the inner harbor showed that the siltation in the area of Hyannis Marina was due almost entirely from surface runoff and that, because of low tidal and wind action, it was not due to sediment stirred up by the Authority's vessels. Mr. Rappaport then reminded Mr. Sayers that the Members were still waiting for his report outlining the issues raised by that matter.

On another subject, Mr. Rappaport asked Mr. Ewell to report back to the Members on the status of the request by the Town of Tisbury for the Authority to share the cost of a similar study of sand migration in Vineyard Haven Harbor.

Treasurer's Report:

Mr. Lamson reported that, although the Authority did not yet have the final figures, he was estimating that the Authority's operating revenues for the year 1994 would be over \$39 million, approximately \$3 million higher than the amount budgeted, due primarily to an increase in the number of vehicles and passengers carried during the year. Mr. Lamson also stated that 1994's operating expenses were expected to come within one-half of one percent of original budget projections, including all year-end accruals and adjustments. As a result, the Authority's net operating income for the year would be somewhere between \$3.7 and \$3.9 million. In response to a question from Mr. Grossman, Mr. Lamson confirmed that the additional monies transferred to the Authority's bond redemption account could be used to reduce the amount of bonds which the Authority otherwise would need to finance the Hyannis and Vineyard Haven terminal projects.

Mr. Lamson said that the following week the Authority's auditors, Deloitte and Touche, were going to begin their year-end audit work, which was scheduled to be completed by early March so that the Authority would be able to issue its annual report by April 1, 1995.

Procurement:

Following one of the recommendations of McKinsey & Company, Inc., the Members then decided to delegate to the General Manager the award of certain contracts in the amount of \$10,000 or more, but less than \$100,000.

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Andrews -- to delegate to the General Manager the award of contracts in the amount of \$10,000 or more, but less than \$100,000, which are to be awarded to the lowest responsible and eligible bidder under Section II(A)(3) of the Authority's Procurement Policy, provided that:

- (1) If the contract is for a non-capital item, the funds for the contract are already provided for in the Authority's operating budget;
- (2) If the contract is for a capital item, the acquisition of the item and the allocation of funds therefor have been separately approved by the Members;

- (3) The General Manager need not award any such contract at a public meeting if the bids for the contract are opened publicly in accordance with the provisions of Section II(A)(3)(d) of the Authority's Procurement Policy or the contract is awarded pursuant to the authorization for "pooled purchases" under the provisions of G.L. c. 7, secs. 22A and 22B; and
- (4) The General Manager advises the Members and the Finance Advisory Board in writing on at least a monthly basis of all such contracts so awarded including therein, with respect to each such contract, the following information:
 - (a) the amount of the contract;
 - (b) the amount previously budgeted for the contract;
 - (c) the number and amounts of all other bids for the contract; and
 - (d) in the event the contract was not awarded to a lower bidder on the grounds that such bidder was not eligible or responsible, the reasons for rejecting that lower bidder.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Falmouth Bikeways Committee:

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Andrews -- to approve a request for additional funding from the Falmouth Bikeways Committee, in the amount of \$1,500, for additional expenses incurred by the Committee in rewriting plans and specifications for the proposed bikepath from Locust Street to Skating Lane in Falmouth in order to meet new Massachusetts Highway Department requirements for federal highway projects.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Motorcycle Tariffs:

Marc E. Widdiss of the Martha's Vineyard Harley Riders Club then addressed the Members to express concerns his organization had regarding rates that the Authority was charging to transport motorcycles between Woods Hole and Martha's Vineyard. Mr. Widdiss acknowledged that the Authority's management staff, after meeting with members of his organization on the island, had confirmed that the Authority's motorcycle rates, which are approximately fifty percent of its automobile rates, were consistent with motorcycle rates charged by other ferry systems. But Mr. Widdiss declared that he did not feel that such rates were a fair assessment of what motorcycles should be charged, since an average motorcycle takes up less than fifty percent of the space occupied by an average automobile. Mr. Widdiss, noting that there are approximately 90,000 registered motorcycles in Massachusetts, suggested that if the Authority's motorcycle rates were lowered as requested by his organization, possibly more motorcyclists would travel on the Authority's vessels.

Mr. Widdiss also complained that motorcycle tickets purchased during the winter were no longer available for use during the summer season. Mr. Widdiss asked the Members if they could review the situation and expressed his hope that the Authority could arrive at a rate structure that would be much more favorable to motorcyclists.

In response, Mr. Lamson stated that the prior year the Authority had changed its policy regarding when motorcycle tickets could be used after certain motorcyclists were abusing the system by buying a large number of tickets on the last day of the winter season for use during the summer. Mr. Lamson said that after meeting with Mr. Widdiss' organization, the staff had agreed that tickets purchased during the winter season would be able to be used during the shoulder seasons and that tickets purchased in the shoulder seasons could be used during the summer season. However, Mr. Lamson said that he did not feel that it was appropriate for motorcyclists to be able to purchase tickets in the winter season for use during the summer.

Mr. Lamson informed the Members that the staff also had revised the motorcycle excursion ticket so that it would include two passengers instead of the one passenger previously allowed. As a result, when the passenger fares are subtracted from the price of the excursion ticket, the cost of transporting the motorcycle itself between Martha's Vineyard and Woods Hole is only \$7.50 each way during the summer season and \$1.50 each way

during the winter and shoulder seasons. By comparison, Mr. Lamson stated, the Authority's one-way bicycle rate is \$3.00 year round.

Mr. Lamson also informed the Members that the motorcycle rates of almost every other ferry system in the country are more than fifty percent of their automobile rates and that, indeed, the motorcycle rate of the Cape May-Lewes Ferry is more than 83% of the rate it charges automobiles. Mr. Lamson stated that given the fact that the Authority's rates are consistent with those charged by other ferry systems and the fact that the Authority already has implemented a number of changes as a result of the staff's meeting with the Martha's Vineyard Harley Riders Club, he was not recommending any more changes at that time.

Mr. Grossman commented that while Nantucket residents generally are sympathetic to the financial concerns of year-round residents who own and operate motorcycles, he felt that the Authority's rate structure should not be changed to encourage more motorcyclists to travel to the islands during the summer season because of the associated noise and traffic problems. Messrs. Rappaport and Andrews agreed, noting that the present excursion rates appeared to be appropriate for year-round island residents who use motorcycles as their primary means of transportation. Nevertheless, Mr. Rappaport asked Mr. Lamson to take another look at the matter with the benefit of Mr. Widdiss' comments to determine whether any additional changes might be appropriate.

Licensing of Vessel Passenger Transportation Services:

Mr. Sayers stated that the management staff had submitted to the Members for their consideration a proposed comprehensive policy pertaining to the licensing of private vessel transportation services between the mainland and the islands of Martha's Vineyard and Nantucket. Mr. Sayers said that he similarly had provided copies of the proposed policy to all the private carriers then providing service to the islands, and had also invited them to attend the meeting so that the Members would have the benefit of their input as well. However, the Members felt that, in the absence of Mr. O'Brien, discussion of this matter appropriately should be deferred until their next regularly scheduled meeting on Monday, February 13, 1995. Mr. Rappaport also asked all carriers to submit their comments on the proposed policy in writing to Mr. Sayers by Friday, February 3, 1995.

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IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Andrews -- to table discussion of the management's proposed policy pertaining to the licensing of private vessel transportation services until the Members' next regularly scheduled meeting on February 13, 1995.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Old and New Business:

There was no other business brought before the Members for their consideration during the meeting's public session.

IT WAS THEN VOTED -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, and to consider the purchase and value of real estate.

VOTING AYE: Messrs. Grossman, Rappaport and Andrews
VOTING NAY: None

Before the Members voted to go into executive session, Mr. Rappaport noted that, in the context of the Authority's strategy with respect to collective bargaining, the Members might discuss the terms of employment for the Authority's new General Manager, since a public discussion on that subject may have a detrimental effect on the Authority's collective bargaining position. Finally, at approximately 10:35 a.m., Mr. Rappaport stated that, at the conclusion of their executive session, the Members would not reconvene in public.

A TRUE RECORD


BERNARD D. GROSSMAN, Secretary

MINUTES
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

February 13, 1995

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 13th day of February, 1995, beginning at 9:30 a.m., in the conference room of the Authority's Woods Hole Terminal at the Foot of Railroad Avenue, Woods Hole, Massachusetts.

Present were all four of the Authority's Members: Chairman Ronald H. Rappaport of Dukes County; Vice Chairman William R. Andrews of Falmouth; Secretary Bernard D. Grossman of Nantucket; and Associate Secretary Robert L. O'Brien of Barnstable.

Also present were all three members of the Authority's Finance Advisory Board: Robert C. Murphy of Dukes County; Norman F. Beach of Nantucket; and Paul R. Kelleher of Falmouth

The following members of the Authority's management staff were also present: Acting General Manager and Treasurer/Comptroller Wayne C. Lamson; General Counsel Steven M. Sayers; Customer Services Manager Gina Barboza; Maintenance and Construction Manager James P. Swindler; Special Projects Manager Wesley J. Ewell; and Executive Secretary to the General Manager Maxine Horn.

Minutes:

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to approve the prepared minutes of the Members' meeting in public session on January 20 and 21, 1995.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

February 13, 1995 Meeting
Minutes of the Public Session

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to approve the prepared minutes of the Members' meeting in public session on January 26, 1995.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Requests for Bids:

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Andrews -- to award Contract No. 22-94, for the replacement of three swing doors in the lobby of the Authority's Woods Hole terminal with three automatic sliding doors, to the lowest eligible and responsible bidder for the contract, W. J. Flynn Inc., of Woburn, Massachusetts, in the amount of \$26,290.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to approve the purchase of two vans for the Woods Hole parking lots from the state vendor for such vans, AMI Municipal Vehicles, of Marlboro, Massachusetts, for a total price of \$50,392.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to award Contract No. 04-95, for drydocking and overhauling services for the M/V Nantucket, to the lowest responsible and eligible bidder for the contract, American Shipyard Corp., of Newport, Rhode Island, in the amount of \$119,400.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Hyannis Terminal Reconstruction Project:

With respect to the Hyannis Terminal Reconstruction Project, Mr. Ewell reported that the Massachusetts Highway Department had been scheduled to advertise the marine and site work contract the previous Saturday, but did not do so because there was not a letter of clearance from the Massachusetts Historical Commission in the Department's files. Mr. Ewell stated that, as a result of the delays by the Department, the Authority would have to delay yet again its corresponding bid opening for the terminal building contract, which was then scheduled for March 1995, so that the Members would have the bid results for both contracts before them when deciding whether to award the terminal building contract.

Noting that Senator Rauschenbach and Representatives Cahir and Turkington might be of some assistance to the Authority, Mr. Grossman suggested that the staff contact them to see what they could do to expedite this matter.

Vineyard Haven Terminal Reconstruction Project:

Mr. Ewell then reported that the Vineyard Haven Terminal Reconstruction Project was proceeding very well and that the Authority had reached an oral agreement with the contractor on the change order relative to all of the design changes that were made to the project in October 1994. Mr. Ewell stated that the final amount of the change order was \$25,140, with no additional time allowance for completion of the contract. (This amount is in addition to the \$45,000 in design fees which the Authority paid the architect to prepare the design changes.)

Mr. Ewell stated that, although many of the 32 design changes which were the subject of the change order resulted in credits to the Authority, two items (the changes in the windows and the columns) resulted in the \$25,140 net cost increase. Mr. Ewell assured the Members that the Authority's independent estimators had verified the figures used by the contractor in calculating the amounts and that, as a result, he felt confident that the settlement reflected the contractor's actual costs plus the appropriate mark-up provided for in the contract.

Mr. Ewell also reported that three unforeseen conditions had been uncovered during the course of the construction which will increase the construction cost by another \$15,000. First, the Authority discovered that the old septic system had not been built in the manner set forth on the Authority's drawings. As a

result, the Board of Health had to reinspect and approve the system, which it did on the condition that the Authority install much heavier piping than that which had been specified.

Second, when drilling holes in the concrete pier deck to anchor the pier shelters, the contractor ran into very heavy reinforcing bars near the pier's surface. After the Authority's engineers confirmed that the bars could be cut without damaging the integrity of the pier, the contractor did so with a diamond drill rig.

Third, Mr. Ewell reported that when digging the trench to install the water line to the street, the contractor encountered some soil that was contaminated with diesel fuel. The Authority immediately engaged the services of an engineer licensed by the Department of Environmental Protection ("DEP") to inspect the condition and file the required reports. After also digging monitoring wells around the area, the Authority determined that the contaminated soil was minor and localized. As a result, DEP recommended that the Authority simply cover up the soil and not try to remove it, since the fuel will eventually break down by bacterial action.

Finally, Mr. Ewell stated that the Authority was looking to move into the new terminal building by June 1, 1995 and that, in response to the incentive bonus approved by the Members at their prior meeting, the contractor had committed to completing the project by June 30, 1995. In this regard, Mr. Ewell said that, if the contract were completed by that date, the contractor would receive a bonus in the amount of \$19,000; if that date is missed, the amount of the bonus would drop to \$10,000 if the project is completed by July 14, 1995; and if that date is missed as well, the bonus would be only \$3,000 for a July 28, 1995 completion date. Mr. Ewell stated that, of course, if the project is not completed by August 7, 1995, the contractor would then be subject to a \$500 per day penalty.

Tisbury Waterways Dredging Study:

With respect to the Tisbury Waterways Dredging Study, Mr. Ewell reported that he had been informed by James Porter, the President of Tisbury Waterways, that Tisbury Waterways had arranged for the dredging of Vineyard Haven Harbor to be done with a combination of assistance from the Town of Tisbury and the U.S. Army Corps of Engineers. Mr. Ewell also stated that Mr. Porter informed him that, after the dredging is done and normal

tidal current flow is restored to the inner harbor, Tisbury Waterways will propose that a sedimentation transport study be conducted to determine what effect, if any, the Authority's vessels have on the movement of silt and sand.

Licensing of Vessel Passenger Transportation Services:

At their meeting on January 26, 1995, the Members had deferred discussion of the staff's proposed comprehensive policy pertaining to the licensing of vessel passenger transportation services in order to provide private carriers the opportunity to comment on it. Mr. Sayers began the discussion of this subject at this meeting by stating that, subsequent to the Members' last meeting, the staff had received comments from the carriers and, in response, had made certain changes to the proposed policy. Accordingly, Mr. Sayers stated, the staff was recommending that the Members adopt the policy as set forth in Staff Summary #L-183 and supplemented by Staff Summaries #L-189 and #L-190.

Observing that representatives from many of the private carriers were present at the meeting, Mr. Rappaport asked them for their comments on the proposed policy. Mr. Rappaport also questioned one aspect of the proposed policy, namely, whether, in the event service is to be increased in a certain area that is already being served by an existing carrier, the Authority should give a preference to that carrier for such additional service. Mr. Rappaport stated that he would appreciate it if the carriers would address that issue in their comments.

Mr. Grossman also suggested that the policy be clarified to define the circumstances in which the Authority's General Manager would be authorized to give permission to a carrier to transport "handheld or incidental freight on an intermittent basis."

After Mr. O'Brien stated that he would prefer to have the proposed policy contained in one document rather than three separate staff summaries, Mr. Rappaport suggested that the Members proceed to hear the carriers' comments that day, but defer voting on the policy until their next monthly meeting on March 30, 1995, after the staff has had an opportunity to prepare such a document. Mr. Rappaport also suggested that, in the interim, those carriers who had already expressed a desire for a license could still submit their applications and initiate the process, since there appeared to be general agreement on the portion of the proposed policy which contained the procedures to be followed by the Authority in considering license requests.

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James Tietje, President of Patriot Party Boats, stated that he was happy to see the proposed policy because it clarified what an individual would have to do in order to obtain a license. However, Mr. Tietje agreed with Mr. Grossman that the policy should better define what the Authority considers to be "handheld or incidental freight on an intermittent basis." In this regard, Mr. Tietje advised the Members that, although he may carry bagels to the island of Martha's Vineyard once a day during the summer season, he carries them only once a week during the winter, and he did not know whether or not this freight service would be considered an "intermittent" one under the proposed policy. Mr. Tietje also suggested that any permission granted by the General Manager for such a freight service should be good for a period of one year instead of the six months recommended by the staff. Otherwise, Mr. Tietje stated that he was comfortable with the proposed policy and, in response to a question from Mr. Grossman, said that he would be willing to disclose his revenues in order to obtain a license.

Henry Horn, representing Cape Island Express Lines, Inc., complimented Mr. Sayers on the proposed policy, stating that he believed it had been given very thoughtful consideration. Murray Scudder, Vice President of Hyannis Harbor Tours, Inc., agreed with Mr. Horn, declaring that he was content with the policy as proposed and was confident that it could be amended at a later date if experience proved that changes were appropriate. Mr. Scudder also stated that, in his opinion, there was a real difference between a proposed service by a new carrier, who can choose without cost not to enter the market, and an increase in the service of grandfathered carriers, who already have made substantial investments in providing service to the islands for many years.

Later in the meeting, Mr. Scudder commented that he thought it was a little excessive to require an applicant to submit its three most recent audited financial statements, especially when the applicant may have a thirty-year proven track record in the industry. However, the Members disagreed and, in this regard, Mr. Sayers noted that such financial statements would be particularly relevant to the Authority's deliberations when considering a request from a "grandfathered carrier" to expand its service on the grounds that such an expansion was necessary to maintain its financial health.

Alan McMullen of Freedom Cruise Line expressed his concern that the proposed policy would appear to require all licensed vessels to be accessible to handicapped persons. In this regard, Mr. McMullen stated that neither of his dockage facilities in Harwichport or Nantucket provided such access to his vessel, and

that the vessel itself could not have an accessible bathroom without reducing the aisle space to a width which would be in violation of U.S. Coast Guard regulations. Mr. McMullen noted that the U.S. Coast Guard does not require his vessel to be accessible to handicapped persons, and suggested that the Authority's requirement should be waived for vessels of less than one hundred feet in length.

David Pritchard, President of The New England Steamship Foundation, said that he was struck by the proposed policy's emphasis that the Authority not grant a license for a proposed service unless it is required by "public convenience and necessity." Mr. Pritchard asked that those terms be construed broadly rather than narrowly, and that they take into account the additional dimension a unique service might provide apart from simple transportation.

Stephanie Pimental of Falmouth Ferry Service stated simply that she was very pleased with the staff's proposed policy.

Susan Shephard of the Citizens for Sound Planning criticized the proposed policy on the grounds that the conditions which the policy would impose on potential licensees were too onerous to be met. Mrs. Shephard stated that if the Authority would instead bring its mismanagement and cost overruns under control, it would not have to be so fearful of competition. Mrs. Shephard also expressed her hope that, in the future, the Authority would view licensing much more liberally and that licensing would come to be seen as a way to increase the flexibility, versatility, multiplicity and cost-effectiveness of boat service to the islands. In particular, Mrs. Shephard took issue with the staff's recommendation that the initial term of any license be relatively short, since such a condition would inhibit a carrier's ability to capitalize a new service. Further, Mrs. Shephard, while acknowledging that the policy expressed concern about the growth of traffic to the islands, complained that the policy made no mention of limiting the Authority's own growth.

Messrs. McMullen and Pritchard agreed with Mrs. Shephard's comments pertaining to the negative impact which a short initial license term would have on their ability to obtain necessary financing. In this regard, Mr. Pritchard stated that, regardless of the term of any license, the Authority would retain the right to terminate the license at any time the Authority's financial health became jeopardized.

After receiving these comments, the Members agreed that, prior to their next meeting, the staff should consolidate the three staff summaries into one document setting forth the

proposed policy and also addressing therein the concerns which had been raised that day. The Members also agreed that, even though the formal policy had not yet been approved, the staff could proceed with hearings on the license requests which were then pending.

Old and New Business:

Dan Doherty, Yarmouth and Nantucket Operations Manager of United Parcel Service ("UPS"), advised the Members that, because of the amount of growth that was taking place on Nantucket, UPS was having difficulty this year in obtaining the same consistency in reservations which it had obtained in prior years. In response, Mr. Rappaport invited Mr. Doherty to discuss the matter with Ms. Barboza after the meeting to see whether she could resolve the problem.

Mr. Grossman then stated that, in his opinion, the island of Nantucket has far too long been charged with twenty percent of the maintenance, bond interest and depreciation costs of the Woods Hole terminal. Accordingly, Mr. Grossman asked that the formula pertaining to the sharing of the cost of the Woods Hole terminal between the two islands be reconsidered.

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Andrews -- to adopt two resolutions, in the forms provided by the Treasurer/Comptroller, authorizing funds deposited by the Authority in certain bank accounts to be withdrawn only upon checks, drafts, notes or orders signed by four identified employees of the Authority.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Pursuant to the resolutions, funds in the Authority's "Operations Fund - Special" account with the First National Bank of Boston and the Authority's "Operations Fund - Payroll" account with the Compass Bank may be withdrawn upon checks, drafts, notes or orders signed by any one of the following: Wayne C. Lamson, Treasurer/Comptroller; John W. Finn, Assistant Treasurer; Robert C. Young, Chief Auditor; and Dorothy A. Provonche, Paymaster. The withdrawal of funds from any of the Authority's other bank accounts would require the signatures of two of those individuals.

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Mr. Lamson announced that William Lyons, the Authority's Paymaster, was retiring the following week after 29 years of dedicated and loyal service to the Authority, and the Members joined with Mr. Lamson in wishing Mr. Lyons a healthy and enjoyable retirement.

Mr. Rappaport then reported that the Martha's Vineyard Commission's Special Task Force on Transportation had been meeting every Wednesday for the purpose of submitting certain recommendations to the Authority regarding its upcoming summer operations, such as imposing a curfew after the last scheduled boat departure, adhering to the 2:00 p.m. "cut-off" for guaranteed standbys, and restricting the use of the third freight boat. Noting that Mr. Andrews would be meeting that night with the Falmouth Selectmen, Mr. Rappaport expressed his hope that the Task Force and the Falmouth Selectmen would be able to talk and reach some common ground on these issues before the Authority is asked to take a position on them.

IT WAS THEN VOTED -- on Mr. Andrews' motion, seconded by Mr. Grossman -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, and to consider the purchase and value of real estate.

**VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None**

Before the Members voted to go into executive session at approximately 10:35 a.m., Mr. Rappaport noted that, in the context of the Authority's strategy with respect to collective bargaining, the Members would be discussing the terms of employment for the Authority's new General Manager, since a public discussion on that subject may have a detrimental effect on the Authority's collective bargaining position. Mr. Rappaport also stated that, after the conclusion of the executive session, the Members would reconvene in public.

At approximately 12:10 p.m., the Members reconvened their meeting in public session.

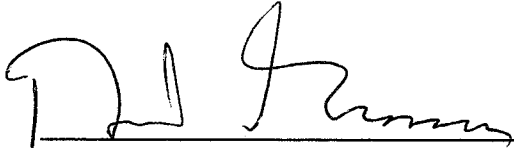
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IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. O'Brien -- to authorize the Chairman to execute the Employment Agreement with Armand L. Tiberio, in the form attached to Mr. Sayers' memorandum to the Members dated February 8, 1995.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Then, at approximately 12:15 p.m., the meeting stood in recess.

A TRUE RECORD



BERNARD D. GROSSMAN, Secretary

MINUTES
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

February 21, 1995

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 21st day of February, 1995, beginning at 9:30 a.m., in the office of the Authority's Management Information Systems Manager at the Authority's Woods Hole Terminal at the Foot of Railroad Avenue, Woods Hole, Massachusetts.

Present were three of the Authority's Members: Chairman Ronald H. Rappaport of Dukes County; Secretary Bernard D. Grossman of Nantucket; and Associate Secretary Robert L. O'Brien of Barnstable.

Also present was one member of the Authority's Finance Advisory Board: Paul R. Kelleher of Falmouth

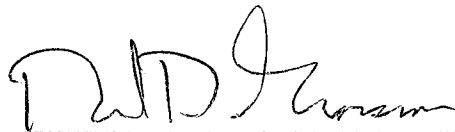
The Authority's Acting General Manager and Treasurer/Comptroller, Wayne C. Lamson, was also present.

IT WAS VOTED -- to go into executive session to consider the purchase and value of real estate.

VOTING AYE: Messrs. Rappaport and Grossman
VOTING NAY: None

Before reconvening the meeting in executive session at approximately 9:31 a.m., Mr. Rappaport stated that the Members would not reconvene in public after the conclusion of their executive session.

A TRUE RECORD



BERNARD D. GROSSMAN, Secretary

MINUTES
OF THE
WOODS HOLE, MARTHA'S VINEYARD
AND NANTUCKET STEAMSHIP AUTHORITY

The Meeting in Public Session

March 30, 1995

The Members of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority met this 30th day of March, 1995, beginning at 9:30 a.m., in the conference room of the Authority's Woods Hole Terminal at the Foot of Railroad Avenue, Woods Hole, Massachusetts.

Present were all four of the Authority's Members: Chairman Ronald H. Rappaport of Dukes County; Vice Chairman William R. Andrews of Falmouth; Secretary Bernard D. Grossman of Nantucket; and Associate Secretary Robert L. O'Brien of Barnstable.

Also present were two members of the Authority's Finance Advisory Board: Norman F. Beach of Nantucket; and Paul R. Kelleher of Falmouth

The following members of the Authority's management staff were also present: Acting General Manager and Treasurer/Comptroller Wayne C. Lamson; General Counsel Steven M. Sayers; Customer Services Manager Gina Barboza; Maintenance and Construction Manager James P. Swindler; Special Projects Manager Wesley J. Ewell; and Executive Secretary to the General Manager Maxine Horn.

Mr. Rappaport began the meeting by announcing that it was the last meeting at which Mr. Lamson would be present in his capacity as the Authority's Acting General Manager, because the Authority's new General Manager, Armand Tiberio, was beginning his employment with the Authority the following week. On behalf of himself as well as the other Members and the Finance Advisory Board, Mr. Rappaport then thanked Mr. Lamson for the absolutely outstanding job he had performed in all respects since assuming the duties of Acting General Manager in May 1994.

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to express the unanimous gratitude and thanks of all of the Authority's governing Members and the members of the Finance Advisory Board for the absolutely outstanding job performed by Mr. Lamson in all respects as Acting General Manager since May 1994.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Minutes:

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to approve the prepared minutes of the Members' meeting in public session on February 13, 1995.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. O'Brien -- to approve the prepared minutes of the Members' meeting in public session on February 21, 1995.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Proposed Visitor Information Network Services Program:

State Senator Henri Rauschenbach (accompanied by John O'Brien, Executive Director of the Cape Cod Economic Development Council) addressed the Members on the subject of the proposed Visitor Information Network Services program ("VINS"). Senator Rauschenbach informed the Members that he had been responsible for appropriating \$50,000 in the previous year's state budget for the Council to undertake a study to determine how rest areas and visitor information centers in the Commonwealth could be coordinated, paid for and better utilized; and that he had also inserted a \$300,000 appropriation into the state transportation bond for the purchase of kiosks in an effort to provide travelers with easier access and better information. Senator Rauschenbach stated that, in addition, the Massachusetts Turnpike Authority was in the process of procuring 17 kiosks so that motorists on the turnpike will be able to stop and obtain not only information

about events throughout the Commonwealth, but also maps with printed directions on them.

Senator Rauschenbach said that he and the Council were meeting with a fairly diverse group of chambers of commerce and members of the tourism industry in connection with their preparation of a report on the subject, which will eventually be submitted to the Legislature. (He left a draft of the report with the Members for them to review at their convenience.) While stressing that he was not yet making a formal request, Senator Rauschenbach asked the Members to consider participating in the VINS program as part of his attempt to expand and provide better service to those who travel throughout Cape Cod and the islands by means of building a partnership between the private sector and the multiple layers of local, county and state governments. He stated that he would come back to the Members in the near future to see whether they would like so to participate and share some, but not a significant amount, of the costs in order to build a local funding stream to leverage county and state dollars.

Mr. Grossman, expressing the widespread concerns he was hearing over the degree to which tourism was being emphasized on the islands and the effect it was having on the quality of life there, asked Senator Rauschenbach whether such concerns were being taken into consideration in the planning of better tourist services. In response, Senator Rauschenbach stated that the goals of the VINS program, such as providing better information to tourists on how to efficiently reach their destinations and possibly encouraging them to leave their cars on the mainland, could potentially alleviate some of those issues. However, Senator Rauschenbach declared that providing parking for people going to the Islands was a bigger issue than those being addressed by the project and that the solution to that particular problem would be much more difficult to achieve.

Senator Rauschenbach also emphasized that the VINS program was not a marketing or promotional program to attract more tourists. Rather, it was a process to provide better information to travelers, answer some of the questions they ask, improve tourist facilities and direct them to parking areas. Senator Rauschenbach expressed his belief that some of problems associated with the presence of tourists could be solved in this manner by developing a better system to assist tourists in traveling around more easily here once they arrive.

Noting that the Town of Falmouth considered traffic to be a major problem, Mr. Andrews asked Senator Rauschenbach whether he would support the effort to locate a transportation and parking center in Camp Edwards. Senator Rauschenbach said he would

support such an effort, and mentioned that the base recently had become more amenable to the possible use of its facilities to address local community problems.

After Senator Rauschenbach finished his presentation, Mr. O'Brien agreed with his opinion that the VINS program probably would not attract more tourists to Cape Cod and the islands, but would rather have a very positive effect on traffic by directing people to where they want to go. Accordingly, Mr. O'Brien stated that he felt the Authority should take every advantage it could of the program.

Requests for Bids:

Mr. Lamson stated that the management staff was recommending that Contract No. 02-95 for one new 1995 van with aerial device be awarded to the lowest responsible and eligible bidder for the contract, Liberty Chevrolet Inc., of Wakefield, Massachusetts, and that the matter was being brought to the Members for their approval because the amount of the low bid (\$31,824) was almost \$7,000 more than the \$25,000 previously allocated for the vehicle in the 1995 capital budget.

Mr. Grossman questioned the utility of such a vehicle if its only purpose was to change light bulbs, and declared that he felt it would be particularly inappropriate to transport the vehicle to Nantucket to change light bulbs there. However, Mr. Lamson said that the vehicle was needed for purposes other than maintaining the Authority's 120 overhead light fixtures. Mr. Lamson stated that it would also be used to assist the Authority in maintaining its buildings and transfer bridges.

Noting that the low bid for the contract was approximately 25% higher than the amount allocated in the budget for the vehicle (and similarly noting later in the meeting that the low bid for Contract No. 03-95 for two tow motors was 18.5% higher than the budgeted amount for those items), Mr. Grossman also questioned whether there was a shortfall in the Authority's advance budgeting process.

Mr. Beach, stating that he had discussed the use of an aerial lift with the Vice President of Nantucket Electric Company, declared that he and Robert C. Murphy wished to withdraw the recommendation they had made as members of the Finance Advisory Board to purchase the item. Mr. Beach said that he did not feel that a proper financial analysis had been undertaken to compare the cost of acquiring the vehicle (factoring in mainten-

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ance, depreciation, employee training, insurance and OSHA regulations) against the cost of renting the vehicle from electric or gas companies when needed.

Mr. Kelleher stated that while he initially was not certain that the expenditure was warranted, he was convinced from information provided by the staff that the vehicle was a justifiable expense and would prove very useful. Further, even though he had some concerns about the high amount of the bid, he was still in favor of the acquisition.

Mr. Grossman also asked whether the Authority could purchase such a vehicle from a state vendor, and requested that the matter be deferred until an answer to his question could be obtained. In response to a question from Mr. Rappaport, Mr. Sayers stated that, if the Members did defer the matter, the Authority might be required to readvertise the contract unless the low bidder agreed to maintain its bid price until the Members' next meeting on April 20, 1995.

Subsequently, Mr. Sayers reported that the state vendor list did not include an aerial lift on a van of the size required by the Authority. Mr. Sayers said that the only aerial lift on the list was on a large body truck weighing two to three tons, and that it cost approximately \$61,000. (Mr. Beach reported that the Nantucket Electric Company's vehicle cost \$35,000.)

IT WAS VOTED -- upon Mr. Grossman's motion, seconded by Mr. Andrews -- to defer consideration of the possible award of Contract No. 02-95 for One New 1995 Van with Aerial Device until the Members' next meeting.

**VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None**

(At the end of the meeting, Mr. Sayers also reported that he had been advised that the low bidder for the contract had agreed to maintain its bid price until the Members' next meeting.)

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to award Contract No. 03-95 for Two Gasoline Towing Motors to the lowest responsible and eligible bidder for the contract, United Tractor Co., of Mentor, Ohio, in the amount of \$30,824.00.

**VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None**

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. O'Brien -- to award Contract No. 05-95 for One New Fork Lift Truck to the lowest responsible and eligible bidder for the contract, Crellin Handling Equipment, of East Providence, Rhode Island, in the amount of \$21,820.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Observing that many purchases made by the Authority appeared to be replacements for existing equipment, Mr. Grossman asked that he be provided with a report on the Authority's disposition of such replaced or otherwise surplus equipment. In addition, both Mr. Grossman and Mr. Andrews suggested that the staff consider structuring future requests for bids so that they include trade-in allowances for the items of equipment being replaced. (Mr. Sayers stated that there was no provision for a trade-in allowance in the request for bids for the new fork lift because the fork lift being replaced was already 30 years old.)

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Andrews -- to authorize the Authority's management staff to issue a request for bids for a new HVAC system for the Personnel Office on the second floor of the north side of the Woods Hole Terminal building, as well as alterations to the HVAC system which already exists on the south side of the building, with an approved budget amount of \$55,000.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

At Mr. Andrews' request, the Members agreed to defer discussion pertaining to the possible award of Contract No. 10-95 for the reconstruction of the driveway entrance of the Authority's property located at 276 Palmer Avenue in Falmouth until after the Members discussed a related matter in executive session.

IT WAS VOTED -- upon Mr. O'Brien's motion, seconded by Mr. Grossman -- to award Contract No. 11-95 for The Provision of Legal Services as Bond Counsel to the Authority to Palmer & Dodge, of Boston, Massachusetts, the law firm which submitted the proposal therefor which is most advantageous to the Authority, and to

confirm that, in accordance with the request for proposals, the term of the contract shall be for twelve months with two twelve-month options to renew, said options to be exercised solely at the Authority's discretion.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Hyannis Terminal Reconstruction Project:

With respect to the Hyannis Terminal Reconstruction Project, Mr. Ewell reported that the Massachusetts Highway Department had at last received the requisite letter of clearance from the Massachusetts Historical Commission and was expected to advertise the marine and site work contract within the next few weeks after the Federal Highway Administration completed its final review of the project. Mr. Ewell also reported that, as a result of the delays by the Department to date, the Authority had again delayed its bid opening for the terminal building contract until May 1995, so that the Members will have the bid results for both contracts before them when deciding whether to award the terminal building contract.

Stating that he was aware of no other obstacles which would further delay the advertising of the Department's marine and site work contract, Mr. Ewell said that he was still optimistic that construction of the new terminal building could begin by July 1, 1995 for an anticipated completion date of July 1, 1996. In addition, if the Department commenced the marine work by September 1995, the contractor could still take advantage of a window during which it will be able to dispose of dredge spoils offshore in Cape Cod Bay. Mr. Ewell said his only concern was that construction activity has picked up during the interim, which may result in higher bid prices than previously estimated.

In response to a question from Mr. O'Brien, Mr. Ewell stated that the former Dockside Restaurant property had been cleaned up by a hazardous disposal firm. Mr. Grossman noted that a few boats were still tied up alongside a float running from that property, and asked the staff to make certain that the Authority was protected from any liability which might arise as a result of their presence there.

Finally, Mr. Ewell advised the Members that, due to the acquisition of the Hinckley property, the Authority was required to file a Notice of Project Change with the Secretary of

Environmental Affairs and obtain a modification to the Order of Conditions from the Barnstable Conservation Commission. However, Mr. Ewell stated that those were administrative matters which would promptly be completed.

Vineyard Haven Terminal Reconstruction Project:

Mr. Ewell then reported that the Vineyard Haven Terminal Reconstruction Project was continuing to proceed on schedule. Accordingly, unless something unforeseen were to occur, Mr. Ewell stated that the Authority should be moving into the new terminal building by mid-May 1995 and the entire project should be completed by June 30, 1995. (Mr. Ewell noted that the building's elevator should have been delivered the previous month, but was now scheduled to be picked up at the factory on April 18, 1995. Mr. Ewell said that he had been assured that the elevator would be installed and operating within two to three weeks thereafter, in time for the building's anticipated mid-May opening.)

Mr. Ewell also projected that the final cost of construction would be within two percent of the original contract price, including the change order relative to the design changes that were made to the project in October 1994 (in the net amount of \$25,140), the change orders pertaining to the three unforeseen conditions which were reported to the Members in February 1995 (in the approximate amount of \$15,000), the change order relative to the installation of the water line (in the approximate amount of \$39,900) and the incentive bonus for early completion (in an amount not to exceed \$19,000).

Mr. Rappaport advised Mr. Ewell that he had been hearing some criticism regarding the impact which the new passenger shelter on Water Street was having on the views of the water. Therefore, although Mr. Rappaport confirmed that the Authority should complete the project as designed to see how the shelter functions, he cautioned Mr. Ewell not to spend much more money improving the shelter until the Members decided whether or not it should remain.

Mr. Rappaport also asked Mr. Ewell to make certain to place in writing the Tisbury Water Works' agreement with the Authority pertaining to the installation of the water line.

Underground Utilities, Water Street, Vineyard Haven:

Mr. Ewell then reported that he had been informed by Superintendent Fred Lapiana of the Tisbury Department of Public Works that if the Authority were to contribute \$12,775 toward the cost of installing an underground utilities conduit along Water Street from the Authority's Vineyard Haven terminal property to Five Corners, the local telephone company would replace the existing telephone line running to the Authority's property with a new 100-pair cable and the Town would repave the entire street after the work was completed. Declaring that such a new cable would improve both the reliability and quality of the terminal's telephone service, Mr. Ewell recommended that the Members vote to make such a contribution.

Mr. Ewell also reported that the electric company also had requested \$48,000 to place its electric lines in the underground conduits (and that the Black Dog had offered to pay \$9,000 of that amount), but said that he was not recommending that the Authority make any contribution to pay for that additional work. Mr. Ewell stated that the Authority would not derive any benefit from that work because arrangements already had been made to place all of the water, telephone and electric lines underground in front of the Authority's property.

In response to a question from Mr. Rappaport, Mr. Lamson stated that he agreed with both of Mr. Ewell's recommendations, namely, that the Authority should contribute \$12,775 for the installation of an underground conduit along Water Street, but that the Authority should not contribute towards the installation of the electric lines between its property and Five Corners since it would not derive any benefit from that work.

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to authorize the contribution of \$12,775 toward the cost of installing underground utilities conduits along Water Street in Vineyard Haven, Massachusetts, with the understanding that the telephone company will install at its own expense a new 100-pair telephone cable in the conduits to improve the Authority's telephone service and the Town of Tisbury will repave the entire street after the work is completed.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Treasurer's Report:

Mr. Lamson reported that he had received a preliminary indication from Paul Peters Agency, Inc. and International Special Risks, Inc. that they anticipate renewing the Authority's marine and non-marine insurance programs on an as-expiring basis for the June 30, 1995 renewal term and that, as a result, there would be no increases in premiums or reductions in coverage. Mr. Lamson stated that, based upon this preliminary indication, the Authority's insurance consultant, Edward Taylor, did not see any advantage in putting the Authority's insurance program out for bid at this time. Mr. Lamson said that he concurred with Mr. Taylor's assessment of the marine and non-marine insurance markets and, therefore, was recommending that the Authority negotiate the renewal of its insurance program with Paul Peters Agency, Inc. for the June 30, 1995 renewal term.

In response to a question from Mr. Grossman, Mr. Lamson stated that the Authority had put its insurance program out to bid three years ago. Mr. Lamson also assured Mr. Grossman that several years ago the Authority had reviewed its deductibles and loss experiences to determine whether there would be any potential savings in self-insuring some aspects of the Authority's required coverage.

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. O'Brien -- to approve the negotiation of the Authority's insurance program with Paul Peters Agency, Inc. for the June 30, 1995 renewal term.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Mr. Lamson then reported that revenues were greater than estimated for the first two months of 1995, but that expenses were up even more. As a result, the Authority's net operating loss was approximately \$70,000 higher than projected in the 1995 operating budget. In response to a question from Mr. Rappaport, Mr. Lamson stated that the disparities were attributable in particular to repair work that took place at Oak Bluffs and Hyannis during the first two months of 1995, which the management staff had anticipated would be finished by the end of 1994. In addition, during this period the Authority had been required to pay \$200,000 more in claims on its medical plan than had been paid during the same time last year. For these reasons, Mr. Lamson assured the Members that he was not concerned at that point about the operating loss being higher than anticipated.

Mr. Lamson also reported that the Authority's independent auditors had completed their year-end audit of the Authority's financial statements and that their draft report already had been reviewed by the Finance Advisory Board. Mr. Lamson stated that, once again, the Authority had received an unqualified opinion on its financial statements.

Licensing of Private Vessel Transportation Services:

With respect to the staff's proposed policy pertaining to the licensing of private vessel transportation services, Mr. Sayers recounted how the Members had received comments and suggestions on the proposed policy from private carriers and the public at their prior meeting on February 13, 1995. Mr. Sayers also noted that, after receiving those comments, the Members had asked the staff to revise the proposed policy to address the concerns which had been raised that day, and to place the matter back on the agenda for further discussion and possible approval.

Mr. Sayers then stated that, as requested by the Members, the staff's proposed policy had been revised in the following material ways:

1. To contain an explicit statement that the Authority will not be bound by narrow definitions of "public convenience and necessity" when considering whether to grant a license; but, rather, that the Authority shall weigh all relevant aspects of each proposed service to the extent appropriate in each individual case when determining whether there is in fact a need for the service and whether public convenience and necessity require it.
2. To contain an explicit statement that one of the considerations the Authority will weigh when deciding whether to grant a license is whether a proposed new service will provide a unique cultural and educational experience to the public, although that is only one consideration of many which will be weighed by the Authority when determining whether public convenience and necessity require a proposed service.
3. To acknowledge the arguments made by the grandfathered carriers that they may need to increase their capacity to provide sufficient revenues to meet their increasing costs of operation. However, the policy makes it clear that the Authority does not currently possess sufficient information upon which to base an opinion as to the merits of that argument in any particular case and that, if a grandfathered carrier were to request an increase

in its capacity on that basis, it should be prepared to provide the Authority with its financial statements to demonstrate that such an increase is necessary to maintain its financial health.

4. To allow an applicant the opportunity to demonstrate that good cause exists in a particular situation for not including in a license agreement certain of the standard provisions which the Authority generally feels are necessary to protect the public interest.

5. To provide that the Authority, when considering how long the initial term of a license should be, will consider not only the amount of instability which the new service will inject into the existing transportation network, but also the carrier's need for a term which is long enough to justify its initial capital expenditures and financial commitments, and which allows it to obtain necessary financing for the service.

6. To acknowledge that there may be instances where it might be appropriate to license a freight service to the islands. Indeed, Mr. Sayers noted, the policy gives the Authority's General Manager the discretion to allow a new freight service, or an expansion of an existing one, without requiring the applicant to go through the normal public hearing process if, among other things, the license is granted for the carriage of handheld or incidental freight and the carrier would still derive no more than \$50,000 per year in gross revenues from transporting freight to and from the islands. In addition, the maximum period for any such permission that may be granted by the General Manager without a public hearing process had been increased from six months to one year.

Mr. Grossman asked that the policy be further revised so that the staff would be required to hold a public hearing on each application for a license in each of the ports served by the proposed service. In addition, Mr. Grossman also suggested that the staff should be required to invite local public officials (including the local planning agencies) to attend the hearings. Mr. Grossman also encouraged the staff to continue working on a better definition of the term "incidental freight."

In response to a question from Mr. Rappaport, Mr. Sayers confirmed that the staff's revisions to the proposed policy had been sent to all of the area's private carriers. Mr. Sayers said that he had received comments on the revisions only from Attorney Henry Horn, on behalf of Cape Island Express Lines, who suggested that the policy be supplemented by requiring the staff to forward its written analysis and recommendation pertaining to each

application to all of the other private carriers at the same time such documents are forwarded to the Members.

Stating that all of the concerns he had raised at the last meeting had been addressed by the staff's revisions, Mr. James Tietje, President of Patriot Party Boats, assured the Members that he could live with the policy.

Finally, while complimenting the staff on the work that had gone into the policy, Mr. O'Brien commented that the document was somewhat lengthy and legalistic. Therefore, he asked Mr. Sayers to draft a summary of the policy to help the public understand its provisions.

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to adopt the "Policy of the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority pertaining to the Licensing of Private Vessel Transportation Services," in the form attached to Staff Summary #L-200, dated March 16, 1995, with the following additional revisions:

- (1) To require the staff to hold a public hearing on each application for a license in each of the ports served by the proposed service;**
- (2) To require the staff to invite local public officials (including the local planning agencies) to attend the hearings; and**
- (3) To require the staff to provide all of the other carriers with its written analysis and recommendation pertaining to each application at the same time such documents are forwarded to the Members.**

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

**Recommendations of the Martha's Vineyard
Commission's Task Force on Transportation:**

Mr. Lamson then advised the Members that, by letters dated February 21, 1995 and March 2, 1995, the Martha's Vineyard Commission's Special Task Force on Transportation had provided the Authority with recommendations on a number of short term issues concerning the Authority's operations. Mr. Lamson stated

that the staff had reviewed the Task Force's suggestions and, in response, was recommending that the Authority adopt the following policies with respect to the Martha's Vineyard service only:

1. The Authority's vessels shall be limited to an eighteen hour sailing day, except in case of emergency or exigent circumstances.

2. The Authority shall adhere to the 2:00 p.m. "cutoff" for guaranteed standby. Accordingly, the Authority shall be free to use the third freight vessel in order to honor that guarantee. Otherwise, the third freight vessel shall be used as a backup vessel and for rotation of the Authority's fleet.

3. The Authority may carry standby vehicles which arrive after the 2:00 p.m. "cutoff" if they can be carried on the Authority's vessels without any of the vessels exceeding an eighteen hour sailing day.

4. The sale of preferred space reservations shall be limited to those persons whose automobiles are registered on the island. Such tickets must be purchased in-person at the Martha's Vineyard Reservations Office and are nontransferable to another vehicle.

Mr. Lamson stated that the staff also was recommending that the Members vote to defer the establishment of incentive programs to encourage short term visitors to leave their automobiles pending the approval of a long range plan for parking.

Mr. Grossman offered one caveat regarding the staff's recommended policies, namely, that it continue to be borne in mind that the Authority also operates service to Nantucket and that, on occasion, the third freight vessel may be needed on that run during weekends or in the event of an emergency.

Mr. Kelleher also strongly recommended that the Authority's new policies be implemented on a one-year trial basis so that, in the event experience proves them to be misguided, the Authority will easily be able to modify them.

Mr. Rappaport noted that the Task Force's suggestions were being provided to the Authority in response to a letter he sent the previous fall to the Martha's Vineyard Commission raising various issues and concerns about traffic which affect all of the Authority's port communities. Mr. Rappaport also stated his understanding that the Falmouth Selectmen, while having concerns about more parking in Falmouth, did not object to the management staff's recommendations on this subject.

With respect to the matter of limiting preferred reservation spaces to persons with vehicles registered on Martha's Vineyard, Mr. Rappaport also stated his understanding that the original purpose of the Authority's preferred reservations policy was to provide island residents with access to the Authority's services so that they could meet their daily living needs. However, because those spaces in large part were not being used for the purpose for which they were intended, Mr. Rappaport declared that he felt the Task Force's suggestion so to limit the availability of those reservations was merely an attempt to return the policy back to its original foundation. Nevertheless, Mr. Rappaport, acknowledging that some persons have raised questions about the fairness of the new policy, stated that it would continue to be reviewed on an ongoing basis.

While stating that he agreed with the management staff's recommendations, Mr. Andrews expressed his concern that Mr. Sayers' opinion about the legality of granting preferences to island residents had been provided to the Task Force before being submitted to the Members for their consideration. Mr. Andrews stated that he felt strongly that Authority policy should be established by the Members, not the staff, and he was disturbed by the precedent Mr. Sayers' action potentially had set. In response, both Mr. Sayers and Mr. Lamson apologized for the mistake and assured Mr. Andrews that it would not happen again.

Richard Sherman stated that he agreed with the staff's recommendation of adhering to the 2:00 p.m. "cutoff" for guaranteed standby. However, he asked that the Authority not advertise its policy of using freight boats within their eighteen hour sailing day to carry vehicles which arrive after 2:00 p.m., since that publicity could cause more tourists to arrive after 2:00 p.m. with the expectation of being able to travel to the island despite the "cutoff." Ms. Barboza assured Mr. Sherman that the Authority's reservations clerks will continue to inform persons over the telephone only that they are guaranteed same-day passage if they arrive before 2:00 p.m. and that no predictions will be made about the likelihood of a vehicle which arrives after that time getting to the island.

Mr. Rappaport commented that the Task Force to date had been able to work only on short term transportation issues affecting Martha's Vineyard, and that he encouraged them to continue working in the future on the difficult long term issues. Mr. Rappaport also repeated the position he had taken at prior meetings that the Authority was not a zoning body for any of its port communities, but that it has an obligation to work with those communities to help them address their traffic problems.

Mr. Kelleher also expressed his opinion that the Authority should not allow its third freight vessel to sit idle in the slip when there is an operational need for it. Mr. Kelleher stated that, given the considerable funds the Authority expended to acquire the third freight vessel and the continuing costs which are incurred to keep it operational, he would have a very strong concern about retaining ownership of it if the Authority did not use it when required.

IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to adopt the policies recommended by the management staff in the corrected copy of Staff Summary #GM-335, dated March 6, 1995, on the following conditions:

- (1) That the policies are adopted for the Martha's Vineyard service only;
- (2) That the policies are adopted on a one-year trial basis; and
- (3) That, in implementing the policies, due consideration be given to the occasional need to use the third freight vessel for the Nantucket service.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Old and New Business:

Elizabeth Wild, Chairman of the Tisbury Selectmen, asked the Members to consider contributing towards the funding of the Tisbury Park 'n Ride system, declaring that the proposal which had been forwarded to the Members represented a partnership between the Authority, the Martha's Vineyard Transit Authority and the island communities. In response, Mr. Rappaport advised Ms. Wild that the request was not on the agenda for the Members' meeting that day because it first had to be addressed at the staff level. However, Mr. Rappaport asked the staff to promptly provide the Members with an analysis and recommendation on Ms. Wild's request so that it could be placed on the agenda for the Members' next meeting on April 20, 1995.

Marie Laursen, a member of the Martha's Vineyard Commission's Special Task Force on Transportation, took the opportunity

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to assure Mr. Andrews that the Task Force had never advocated, and never would advocate, more parking lots in Falmouth. Ms. Laursen said that she felt that Falmouth and Martha's Vineyard shared a pretty special relationship, and the Task Force did not want cars sitting in Falmouth any more than on the island. However, Ms. Laursen stressed that the traffic problem would not be able to be worked out unless there were more cooperation between the two communities.

In response, Mr. Andrews informed Ms. Laursen that the Falmouth Selectmen had re-activated their Water Transportation Committee and would be assigning one person from Falmouth to attend future Task Force meetings.

IT WAS THEN VOTED -- on Mr. Andrews' motion, seconded by Mr. Grossman -- to go into executive session to discuss the Authority's strategy with respect to collective bargaining and litigation matters, the purchase and value of real estate, and personnel matters.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

Before the Members voted to go into executive session at approximately 11:15 a.m., Mr. Rappaport stated that, after the conclusion of the executive session, the Members would reconvene in public to discuss the potential award of Contract No. 10-95 and such other matters which came before the Members at that time.

At approximately 12:25 p.m., the Members reconvened their meeting in public session.

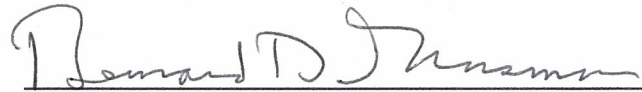
IT WAS VOTED -- upon Mr. Andrews' motion, seconded by Mr. Grossman -- to award Contract No. 10-95 for Reconstruction of Driveway Entrance to the lowest responsible and eligible bidder for the contract, Northern Sealcoating & Paving, Inc., of Dennisport, Massachusetts, in the amount of \$16,300.00.

VOTING AYE: Messrs. Rappaport, Andrews and Grossman
VOTING NAY: None

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Then, at approximately 12:30 p.m., upon Mr. Andrews' motion, seconded by Mr. Grossman, the Members voted unanimously to adjourn their meeting.

A TRUE RECORD

A handwritten signature in cursive script, appearing to read "Bernard D. Grossman", written over a horizontal line.

BERNARD D. GROSSMAN, Secretary