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BOARD OF PUBLIC WORKS
GOVERNOR'S RECEPTION ROOM
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ANNAPOLIS, MARYLAND

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P R E S E N T

LIEUTENANT GOVERNOR ANTHONY BROWN,
Presiding;

HONORABLE PETER FRANCHOT, Comptroller;

HONORABLE NANCY KOPP, Treasurer;

SHEILA C. MCDONALD, Secretary, Board of
Public Works;

ALVIN C. COLLINS, Secretary, Department
of General Services;

T. ELOISE FOSTER, Secretary, Department
of Budget and Management;

DARRELL B. MOBLEY, Deputy Secretary,
Department of Transportation;

LISA WARD, Land Acquisition and Planning,
Department of Natural Resources;

LUWANDA JENKINS, Special Secretary,
Governor's Office of Minority Affairs;

MARY JO CHILDS, Procurement Advisor, Board
of Public Works; and,

MARION BOSCHERT, Recording Secretary, Board
of Public Works.

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P R O C E E D I N G S

LIEUTENANT GOVERNOR BROWN: Good morning, and welcome to the January 4th meeting of the Board of Public Works. The first meeting for 2012. And I am Anthony Brown, your Lieutenant Governor, presiding over the Board of Public Works in the absence of Governor Martin O'Malley who extends his best wishes and greetings to each and every one of you and your families as we start a New Year in service to the people of Maryland. And I'd like to turn it over to the Treasurer for any opening remarks that she may have.

TREASURER KOPP: Thank you, Governor. No, only to wish everybody a healthy and Happy New Year. It's going to be a tough year but I think all the signs that look like it's going upwards, which is a very good thing. We are gaining. We are gaining employment. We are gaining in revenue. We are gaining in spirit, I believe. And having come off a long weekend babysitting the twins who are now almost

16 months old I will tell you it's a great pleasure and relief to be here.

(Laughter)

LIEUTENANT GOVERNOR BROWN: Thank you, Madam Treasurer. And Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor Brown and Treasurer Kopp. It's obviously a pleasure to be here at the start of the New Year. And I agree, I was happy to get back to work myself. Vacations are not what they're cracked up to be sometimes.

But I wanted to just take a moment to recognize the fact that a former colleague of ours passed away recently, Nancy Murphy, a State Delegate and State Senator and just a great personality. For those who knew Nancy Murphy she had a very raucous sense of humor. Some would say bawdy sense of humor. But it's a hard business we're in and the temptation is always there for those of us in elected office to take ourselves too seriously sometimes. And believe me, you could never do that around Nancy Murphy.

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Particularly the birthday cards she would send. And she was just a force of nature and I know that all three of us served with her, or I believe, I believe we all served with her. I know Treasurer Kopp and I did. And Governor Brown, I think you did also? Great personality.

But let me wish everyone a Happy New Year.

And indicate how --

TREASURER KOPP: Peter, could I just interrupt right here?

COMPTROLLER FRANCHOT: Yeah, please Treasurer Kopp.

TREASURER KOPP: I had not heard that Nancy had passed away until you just said this. But I think it's also important to add that she was a person with one of the biggest hearts in Annapolis. A great sense of humor, a hard worker, a fun person to be with. I remember sitting up in the balcony in the Senate with, I don't remember why, with paper bags on our heads looking down.

(Laughter)

TREASURER KOPP: But also someone who cared a great deal about other people, her colleagues, children. And we really, I'm shocked but I'm very glad that you said something.

COMPTROLLER FRANCHOT: Yes, special person. Thank you.

I also just wanted to say that over the holidays I did have a chance to reflect on the fact that we live in such a tremendous State with so many wonderful people. But also that we live in such a great country. And I'm just happy that I'm able to be involved in the policies of our State and our country. And I really appreciate the involvement of everybody out here in the audience.

I do think 2012, we're going to, I hope everything is moving in the right direction. But I believe we're going to, you know realistically, face some of the challenges we faced in 2011. And I think it's, obviously the year is going to be shaped by the,

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and remembered by the opportunities we create as we rise to these challenges. But they are real. I mean, we have an extraordinary State. We have great residents. Obviously we have great leadership. I look forward to working with Governor O'Malley and the Legislature, and everyone on this, in this room. But also in Annapolis as we convene. But, you know, let's be realistic that we want things to move in the right direction. But we've got to be cognizant of the fact that there are some significant issues out there that we have to deal with.

So I'm very pleased to be able to work on this Board. And I believe that we'll approach things in the same fiscally and socially responsible way that we have. And I'm glad to be a participant in that. Thank you, Governor.

LIEUTENANT GOVERNOR BROWN: Thank you. And I see that we've been joined by Delegate Robinson. Is that you out there?

DELEGATE ROBINSON: It's me.

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LIEUTENANT GOVERNOR BROWN: Hi, welcome. So what we're going to do is we're going to turn now to the -- and I see Delegate Murphy is here as well. Happy New Year and what, are you beating your colleagues down here to find the best offices across the street? And, or those assignments I guess have already been made. Well welcome to Annapolis. And we certainly look forward to working with you closely next week as we embark on the 90-day session of the General Assembly.

What we'll do is it's my understanding that Delegate Robinson, you would like to speak to, correct me if I'm wrong, to one of the items on the DBM Agenda? Dealing with a --

DELEGATE ROBINSON: Yes.

LIEUTENANT GOVERNOR BROWN: -- custodial services contract led by, or at least recommended by, MdTA. So why don't we do this? As a courtesy that we extend to our elected officials let's first turn to

the MDOT Agenda. We'll take up first Item -- I'm sorry, the DBM Agenda.

TREASURER KOPP: It's not, it is MDOT, actually.

MS. FOSTER: MDOT.

MS. SWAIM-STALEY: It's Item 2 on MDOT.

LIEUTENANT GOVERNOR BROWN: Okay, it's not Item 1 on DBM?

TREASURER KOPP: No.

MS. FOSTER: No.

TREASURER KOPP: No, different one.

LIEUTENANT GOVERNOR BROWN: That's a different one? Okay. Who's taking responsibility for that? I will.

(Laughter)

LIEUTENANT GOVERNOR BROWN: Okay. MDOT, MDOT, we'll turn to MDOT. And that's Item, which one?

MS. SWAIM-STALEY: Two.

LIEUTENANT GOVERNOR BROWN: Item 2. So why don't we turn to that? And perhaps the best way to

start is if we can have a representatives of yourselves, Madam Secretary, or someone sort of present the item. And then we can hear from Delegate Robinson and anyone else on that item.

MS. SWAIM-STALEY: Okay. It's Item 2. It is for janitorial services at BWI Airport, the Maryland Aviation Administration. And this is a contract that we are recommending for it to be Chimes contract. And I will defer to other people who are more expert on the Board's staff and others on why. But it's a special type of procurement. And I believe The Chimes or these types of providers have the right of first refusal for this type of work. And they have had the work for quite some time. And so it's time to renew the contract and we're bringing it forward for Board approval. And as I said, there are others here who are probably more conversant on sort of the history of these kinds of things. They are considered to be an MBE, although it obviously is in a separate

type of category as a service provider under traditional MBEs.

LIEUTENANT GOVERNOR BROWN: And you, and this is established under the statutory framework of the MBE program?

MS. SWAIM-STALEY: It actually precedes the MBE program, I believe.

LIEUTENANT GOVERNOR BROWN: Mm-hmm.

MS. SWAIM-STALEY: And I would defer I think to maybe Mary Jo for the legal question.

MS. CHILDS: Thank you, sir. There is an absolute priority in statute given to four different sources. Maryland Correctional Enterprises is the first; Blind Industries is the second; community service providers, which are organizations organized to benefit the interests of mentally and physically disabled individuals, they are the next in line which is what these two organizations are, community service providers. So this is the third in the line of the four preferences, the four preference being

individuals with disability owned businesses. If Maryland Correctional Enterprises or Blind Industries cannot provide the services then the State looks to community service providers. Maryland Works is actually kind of the State's agent, they work to organize the contracting process. And there is a pricing and selection committee. It also sets the rates for these types of contracts.

TREASURER KOPP: But I think, the question, if I might, so it is within the MBE --

MS. CHILDS: It is not. There is a separate statutory provision, they are called preference providers.

TREASURER KOPP: Okay.

MS. CHILDS: There is an absolute preference for these types of contracts before an agency can go out on the open market to procure a service.

TREASURER KOPP: Okay. So --

LIEUTENANT GOVERNOR BROWN: Okay, I mean, so yeah --

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MS. SWAIM-STALEY: So we go to these providers first as required. We don't do a typical bid procurement --

LIEUTENANT GOVERNOR BROWN: Got it. And then when --

TREASURER KOPP: So you are required by law --

MS. SWAIM-STALEY: Yes.

TREASURER KOPP: -- to go first to these providers?

MS. SWAIM-STALEY: Yes.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR BROWN: Okay, do we need to hear anymore --

COMPTROLLER FRANCHOT: And I, and I, if I could just ask, I take it the contracts are limited to certain areas, right?

MS. SWAIM-STALEY: Yes, I believe, well again --

COMPTROLLER FRANCHOT: That's preferences, what is the --

MS. SWAIM-STALEY: -- they are for social, I think social services type, I think one of them --

MS. CHILDS: The pricing and selection committee actually designs a list of supplies and services and can be provided from these preference providers. So there actually is a finite amount of opportunities under this preference.

COMPTROLLER FRANCHOT: Okay. Thank you.

LIEUTENANT GOVERNOR BROWN: Okay. Then why don't we ask, invite Delegate Robinson to present? And then certainly there may be more questions, there may be rebuttal from the department or something to that extent. Good morning.

DELEGATE ROBINSON: Good morning. And I thank you for the opportunity to present. I have several questions because as you know I have House Bill 29 in that would preclude nonprofits from being counted as MBE/WBEs. There is a difference between

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minority businesses and nonprofits. Nonprofits are able to bid on contracts and not have to have any administrative fees. I mean, in some instances their businesses or their locations are donated because it's a tax write off. In some instances they don't have to pay for staff because it's a tax write off.

So for a minority to be classified as minority they have to be 51 percent owned and operated by a minority individual, or from a certain group, African Americans, women, Hispanics, etcetera. They also have to have a certain amount of money, it was \$1.5 million, and it just went up \$750,000, so now that's \$2.2 million, I think it is. But those things are not required of a nonprofit. And when you say that this bill, I mean this contract that we're talking about now is minuscule, \$63 million, I don't call that mini at all.

And I'm not here to be confrontational, because I've been in business for almost 30 years in Maryland. So I am a minority business. I'm also the

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cofounder of the Greater Baltimore Black Chamber of Commerce and I sit on the board. Plus I sit on the board of 20 other nonprofit organizations in Maryland. So I'm not against nonprofits. What I am saying is that there should be an even playing field. Because when you put MBEs up against nonprofits there's not an even playing field because a minority business with an operating budget of \$750,000 or \$1 million cannot compete against a minority, I mean against a for profit that has a \$40 million or a \$50 million budget.

And for this bill, or for this bid to be specifically to Chimes, I would like to know why there are not any minority businesses subcontracting with this contract? The 25 percent minority participation does not seem to apply to this contract. And I would like to know why, number one. And you talk about other procurement opportunities with the Department of Corrections and others that you just mentioned. I'd also like to know the contracts that they get, what are the percentage of minority participation in those

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contracts, if any? And if there are not any minority participation, I would like to know why. And I'd also like to know why this type of contract, you're talking about janitorial services. There are many, right off the bat I can come up with at least four now. But there are many minority businesses in Maryland that can perform janitorial services. So whatever name you put it under to me it's a sole source. It may be called by a different name but it is a sole source. And I'd like to know why.

So if you can get that information to me, I'd be appreciative.

LIEUTENANT GOVERNOR BROWN: Okay, why don't we do this then? If you could respond to Delegate Robinson in writing on that. And if you need clarification on her questions you can certainly work offline on that and certainly copying the Board of Public Works would be appropriate since the questions were raised here. So we'll make sure that you, that you get the answers to those questions.

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Let me do this --

DELEGATE ROBINSON: Can this, I would ask you another question, is there a possibility that this contract cannot be issued or be reissued after it's been looked at to see why there's no minority participation in this contract? We're talking about \$63 million.

LIEUTENANT GOVERNOR BROWN: Well let me pose this. We, I mean anything is possible. We certainly could delay it if that's the will of the Board. I'm not sure if that's the direction that we're going in. Let me do this, though, as sort of again a courtesy to you since we typically don't have people who are presenting to us asking the questions. But as a courtesy let me sort of take the gist of your questions and I'm going to rephrase it for a response kind of on the record here today so maybe we have a better understanding here as members of the Board.

When you look at the, the nonprofits, and again what's the term that they are --

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MS. CHILDS: Preference providers is the generic term.

LIEUTENANT GOVERNOR BROWN: Okay. When you look at the preference providers, within that look is there an MBE requirement?

MS. CHILDS: There is no prohibition that I know of against putting an MBE goal on a preference procurement, except for Blind Industries. There is a restriction on Blind Industry procurements. As to why there was not an MBE goal put on this particular procurement? I can't answer, maybe the agency would be able to better answer why there was no goal on this particular procurement.

LIEUTENANT GOVERNOR BROWN: So I just want to kind of make sure I understand clearly your response to my question. As you're looking at the -- help me again. Priority?

MS. CHILDS: Preference providers.

LIEUTENANT GOVERNOR BROWN: Preference providers. And first of all, is there a, is there a

finite list of preference providers that you look at? Or does someone, like in the MBE program, does a preference provider need to be certified as a preference provider?

MS. CHILDS: Well typically they have expertise in different areas and the agency goes first to Maryland Works who kind of works with them to find out who the most appropriate organization would be to do the type of work that they are looking for.

LIEUTENANT GOVERNOR BROWN: Okay. But do you know whether or not Maryland Works is looking at a list of providers that are sort of certified, or identified, or designated in a way similar to the MBE program?

MS. CHILDS: There is, Bob Hoffman, from, the Executive Director for Maryland Works is here and he might be more --

LIEUTENANT GOVERNOR BROWN: Come on up, Bob.

MS. CHILDS: -- appropriate for responding to some of these questions.

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LIEUTENANT GOVERNOR BROWN: Right. Hi, Bob, how are you?

MR. HOFFMAN: Good morning. For the record, Bob Hoffman, President and CEO of Maryland Works. There are about 30 preference providers under this portion of the preference procurement and they do go through a certification process with the Division of Rehabilitation Services. We need to distinguish that in this case we're talking about preference procurement. There are three preferred providers, as Mary Jo has specified. The prison system job training program, Blind Industries, and then it's actually the Employment Works program. And it's a very limited set of providers that qualify under this. Separate and away from that is the MBE program.

The total procurements in the Employment Works program, including the one that you are considering today, total about \$36 million, less than 3 percent of the total State MBE purchases. At the same time there is a general nonprofit eligibility

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within the MBE program, where there are several hundred million dollars in contracts that are currently included or counted toward meeting the MBE requirements. And I believe Delegate Robinson's bill addresses that specific issue within the MBE program. And we're aware now that the bill is in and we're looking forward to getting together with her and helping to sort out some of the policy issues related to that particular issue.

But again, that's the MBE program on the whole. In this case we're talking about a contract that falls under preference procurement, a relatively small program. This just happens to be the largest contract under our program. But again, the cumulative total is about \$36 million, a very small portion of the State's MBE outcomes.

TREASURER KOPP: The MBE total is now much?

MR. HOFFMAN: The MBE total is \$1.3 billion.

TREASURER KOPP: \$1.3 billion?

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MR. HOFFMAN: Billion, and this is \$36 million. And again, if you look within the MBE program nonprofits that specifically are utilizing these contracts for training and employment of people with disabilities to address employment discrimination, historical employment discrimination of people with disabilities, we're talking about again less than 3 percent of the total MBE program.

Now it just so happens that under the statute the State purchasers could not count the prison system training programs outcomes towards the MBE but they can count the BISM and the Employment Works program outcomes toward their MBE requirements. In this case this contract before meets a very high standard of outcomes related to addressing employment discrimination against people with disabilities in that over 75 percent of the jobs under this contract are utilized for training and employment of people with disabilities. That again is separate and away from the purchase of social service contracts from

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nonprofits within the MBE program. That's a much broader dollar amount and again those issues will be taken up by the Legislature in the coming weeks.

LIEUTENANT GOVERNOR BROWN: That clarifies a lot for me. Any other questions or comments from members of the Board?

MR. HOFFMAN: Thank you.

LIEUTENANT GOVERNOR BROWN: Great. Did you have anything else, Delegate Robinson, that you wanted to present? Or has that pretty much presented your issue?

DELEGATE ROBINSON: That pretty much --

LIEUTENANT GOVERNOR BROWN: Okay.

DELEGATE ROBINSON: I thank you very much for the opportunity --

LIEUTENANT GOVERNOR BROWN: Thank you.

DELEGATE ROBINSON: Only --

LIEUTENANT GOVERNOR BROWN: Do you want to come back up, yeah, if you can? Please.

DELEGATE ROBINSON: I would like the Board to consider reissuing or holding this. And you keep saying that \$36 million, or \$63 million, it's a small portion, etcetera. But when you get into millions that's not a small portion for a minority business. I mean, a million dollars is not a small portion for a minority business. So I would just respectfully ask the Board if they would either reissue or reconsider adding minority participation in this contract. We're talking about \$63 million. I thank you.

LIEUTENANT GOVERNOR BROWN: Thank you. Okay, anything further from members of the Board. Okay, why don't we take up this issue with the remainder of the MDOT Agenda. So any other questions or comments on the MDOT Agenda? We're on MDOT, right? Yeah. Any other questions, comments, on the MDOT Agenda in addition, or other than Item 2?

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR BROWN: Okay, the Comptroller moves approval --

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TREASURER KOPP: Ah, that was a question I had.

LIEUTENANT GOVERNOR BROWN: Oh, do you have a question?

TREASURER KOPP: Just to go back to that item --

LIEUTENANT GOVERNOR BROWN: Item 2?

TREASURER KOPP: That Item 2 for a moment, I want to hear that under this contract in fact they are going to be using green practices and equipment --

MS. SWAIM-STALEY: I believe the short answer is yes. But Wayne could be, Wayne Pennell from --

MR. PENNELL: Lieutenant Governor, Madam Treasurer, Mr. Comptroller, Wayne Pennell, Deputy Executive Director of Operations and Maintenance. Yes.

(Laughter)

MR. PENNELL: We also work with --

TREASURER KOPP: Thank you.

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MR. PENNELL: -- BISM to ensure that we're using green products.

TREASURER KOPP: Well I know actually the BISM has been interested in this for some time and Mr. Hoffman for some time both in the practices and training people, because you have to use them somewhat differently. What to look out for, how to use them, but also the tools and the fluids and everything else.

MR. PENNELL: The majority, what we have truly done is the majority of the work performed on the terrazzo and the tile floors --

TREASURER KOPP: Right.

MR. PENNELL: -- we've gone away from the use of chemicals. And we've gone to a honing, which is a very specified and it's a technique that we use to shine the floor itself without using chemicals. So that portion becomes green. In addition to that we work with BISM to purchase where chemicals are needed, restrooms for instance, glass cleaning, we're using products that are considered green.

TREASURER KOPP: So our employees, our folks, our contractees, are not breathing in evil chemicals?

MR. PENNELL: That's correct.

TREASURER KOPP: Or leaving them to the rest of us. Very good.

MR. PENNELL: And a high focus on going green wherever possible.

TREASURER KOPP: Thanks.

MR. PENNELL: Thank you.

LIEUTENANT GOVERNOR BROWN: Thank you. Any other questions, comments, issues, Item 2 or any other?

COMPTROLLER FRANCHOT: Well I just want to -

-

LIEUTENANT GOVERNOR BROWN: Yes?

COMPTROLLER FRANCHOT: -- thank Delegate Robinson for coming up and giving us her views. I think, from what I'm hearing, this is a situation that actually predates even the MBE legislation, these

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preferences. So I think the best way to sort this out is in the legislative process. I'm not sure what your legislation is, exactly says, but I certainly appreciate you attending and presenting your views. And I'm going to vote to approve the contract. I just wanted to make sure you knew that I think that the right forum probably is around your legislation in the session. Please keep us informed how that proceeds because --

DELEGATE ROBINSON: Thank you.

LIEUTENANT GOVERNOR BROWN: All right. So moved by the Comptroller, seconded by the Treasurer. All those in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Hearing none, MDOT's Agenda in its entirety is approved. Let's go to -- thank you Delegate --

TREASURER KOPP: Let me just say and we and the staff here will be following the legislation. Let us know what it --

LIEUTENANT GOVERNOR BROWN: Thank you.

TREASURER KOPP: I think that we are doing what the law requires right now, what the law expects right now. And if the laws change then --

DELEGATE ROBINSON: Thank you.

LIEUTENANT GOVERNOR BROWN: Thank you very much. Let's turn now to the Secretary's Agenda. And I'd like to, if we could, take up Item 5 first under the Secretary's Agenda. It's a wetlands license for work performed in Talbot County. And I understand that there are several people to speak on or to that item. So perhaps we can start by asking for a presentation briefly of the item.

MR. MOORE: Sure. Good morning, Governor, Madam Treasurer, and Comptroller. For the record, I'm Doldon Moore, Wetlands Administrator. And the case

before you today is Wetlands Case 10-0935. Julia Monaco is the applicant.

She has requested a license to construct a living shoreline and other structures at her property on the Chesapeake Bay on Tilghman Island in Talbot County. The elements of the project are to construct a 130-foot long pier with a boat lift; a single osprey pole; and the major part of the project is to fill, grade, and plant marsh vegetation along 590 feet of eroding shoreline with 3,360 cubic yards of sand and low profile stone, sand containment sill emplaced within a maximum of 68 feet channelward of the mean high water line.

Living shorelines are the preferred method of protecting one's shoreline. They are natural and provide both low and high marsh habitat. Environmental Article 16.201(c) states improvements to protect a person's property against erosion shall consist of nonstructural shoreline stabilization

measures that preserve the natural environment, such as marsh gradation or living shorelines.

We have present today Environmental Concern as Ms. Monaco's agent with a presentation to the Board. We also have persons wishing to speak in opposition to the project. And I have staff from MDE and DNR present to answer any questions that the Board may have. And with that --

LIEUTENANT GOVERNOR BROWN: Okay. Well, thank you very much. Why don't we, if we could, why don't we start with the interested persons in opposition to get a sense of that. And then we can hear from the applicant and/or the applicant's representative. I think that should work. So why don't we, thank you very much, please don't go off anywhere. Why don't we start with, unless you have a, want to do it differently, we've got a Jill Johnson, Tilghman Island Beach Association, followed by Deane Shure, Tilghman Island property owner. Does that work?

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MR. SHURE: Sorry, Deane not Deane --

LIEUTENANT GOVERNOR BROWN: Oh, that's why
you stood up. You're Deane? Yeah. Okay. See the

reason why I did that, just so that you know, my 11-year-old son Jonathan in grammar I'm teaching him that the vowel that precedes the last consonant, if it's followed by an E, then it's a strong vowel. So that's why, no how is your name spelled?

MR. SHURE: That's a very nice comeback.

(Laughter)

LIEUTENANT GOVERNOR BROWN: How is it spelled?

MR. SHURE: D-E-A-N-E.

LIEUTENANT GOVERNOR BROWN: Okay.

MR. SHURE: Dean. The usual spelling of Dean, we're just a little different so we add another E on the end.

LIEUTENANT GOVERNOR BROWN: Okay. How are you doing?

MR. SHURE: I'm able to sit up and take some nourishment, thank you.

LIEUTENANT GOVERNOR BROWN: Is Jill here?

MS. JOHNSON: Yes.

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LIEUTENANT GOVERNOR BROWN: It's not Jille?

(Laughter)

LIEUTENANT GOVERNOR BROWN: Okay.

MR. SHURE: Lieutenant Governor Brown and distinguished members of the Board, over hundreds of years God created the biggest and most beautiful beach on Tilghman Island, and I think that's undisputed. In one season Ms. Monaco and Environmental Concern, I call them Environmental Unconcern or Environmental Lack of Concern, totally destroyed the beach. And they continue to do whatever they want to do, even though there was a cease and desist order in this case while the matter is under advisement.

Fairly recently, we just took these pictures last weekend, and I apologize, in the information I received I didn't realize I was supposed to have five sets of these. So if you would permit me after the hearing I could submit the additional four sets. These photographs show that, we just took these last weekend, show the stakes that they've been putting out

in the water, notwithstanding they are not supposed to take any action at this time.

Also while this matter was under advisement with Meghan Senkel, a Natural Resources planner, and no action was to be taken, they used a bobcat to move the sand from the beach further up on the Monaco property. So I now want to submit those photographs that shows the bobcat, shows the tracks of the bobcat. Thank you very much.

And I would submit to you, and the Department of the Environment did nothing about this although there was a cease and desist order and they weren't supposed to take any action until this matter was decided. It was under advisement with Ms. Senkel for approximately a year, and then of course it's still under advisement pending this hearing.

Over 60 years the residents of Tilghman Beach have walked this beach and I've walked it for the last 13 years. Environmental Concern told the Department of Environment there had been a tremendous

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erosion problem. I submit that is deceitful. Pure and simple, there wasn't an erosion problem until they removed the phragmites. The pictures that I'm going to submit also show that there is a very large beach and it's just been moved from close to the water further up on the Monaco property as a result of the bobcat.

We do not believe that the Department of the Environment did any of their own testing of the alleged erosion problem. In other words, they just accepted, you know, they accepted the statistics of Environmental Unconcern.

And this absolutely has ruined the beach belonging to the Tilghman Island Homeowners' Association. And I have some photographs which, sorry I have to keep you this busy, this first photograph shows the size of the beach above the phragmites. These next two photographs show the beach to the south of the property in question which is comparable to

what it was before Environmental Unconcern came on the scene.

Now we met with Ms. Monaco and a representative of Environmental Concern and we were told they wouldn't do anything to bother our beach. Our beach has been destroyed. The mission of the Department of the Environment states to protect and restore the quality of Maryland water and land resources. And we feel the Department of the Environment has ignored the fact that this beach is home to turtles, horseshoe crabs, and many other species. The largest concentration of horseshoe crabs in the world is in the Chesapeake Bay region. Disturbances in this case adversely affect the spawning activities and the modifications attempted by Ms. Monaco prevent horseshoe crabs from reaching traditional spawning areas.

The Department of the Environment, we submit, ignores the fact that the Department of Natural Resources is asking for help in identifying

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shoreline used as horseshow crab spawning habitat around the State of Maryland. Additionally, I would submit Paw Paw Cove, which includes the waters fronting the Monaco property, has been declared an oyster sanctuary.

The Department of the Environment's comment in the wetlands report and recommendation that approximately 81,940 square feet of existing vegetative wetlands will be enhanced is off the mark. For reasons no one can understand the Department of the Environment has ignored the, has ignored what the Department of Natural Resources said, where the Department of Natural Resources cited the property has having a low erosion rate, strong sand accretion, as well as being potential habitat for horseshoe crabs and diamondback terrapins, which we also have in this area. So we feel they ignored what the Department of Natural Resources said.

And again, we feel they blindly accepted unsupported statistics of Environmental Concern.

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Because again, the alleged erosion only occurred as a result of removing the phragmites. Environmental Concern also stated that the beach elevations are below what's required to support terrapin or horseshow crab nests and that the strip of beach is not sufficiently wide for nesting purposes of these species. Well the photographs that I've submitted and will continue to submit will tell you that this is certainly suitable for horseshoe crabs. And myself as well as members of our association have seen countless horseshoe crabs over the years on this beach.

Now most of the properties in our community do not have water access. Taking away our beach obviously decreases our property values. And I can't emphasize enough a living shoreline does not last on the Chesapeake Bay. A living shoreline is not really suited for the Chesapeake Bay and as a result most contractors will not do that work because they consider it unethical.

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I do want to submit at this time, these are pictures. The first picture will indicate what our beach, the Homeowners Association beach, looked like prior to Environmental Concern coming on the scene. And the next two photographs show what's happened to our beach as a result of what they've done.

So in closing we feel that what's happened here is with the relationship of Environmental Concern with the Department of the Environment, because they have a relationship, and we feel that that is what has been relied on rather than the facts that have resulted in this recommendation. Thank you very much.

LIEUTENANT GOVERNOR BROWN: Any questions at this point? Please don't go anywhere. There may be some questions that arise. Thank you.

MR. SHURE: Mm-hmm.

LIEUTENANT GOVERNOR BROWN: And Jill, we invite you to speak. Good morning.

MS. JOHNSON: Good morning. Okay, my name is Jill Johnson, no Es, and I represent the Tilghman

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Island Beach Association so I'm speaking, much, a lot of what Deane said. I'll try not to repeat what he said. But I'd like to thank the Board for giving me this time to present our objections to the installation of a living shoreline next to our community property and part of the shoreline of Paw Paw Cove.

So why do we object to the project? It's partly because we feel that a healthy stable beach is healthier for the Bay than a created marsh. And a lot of our neighbors are watermen and they depend on a healthy Bay for their livelihood. And beaches are very rare, as you know, in Talbot County and this is one of the few remaining beaches. There is only one other beach on Tilghman Island.

And additionally, as Deane said, recreationally we have always been able to step down from our community property onto our little beach and to be able to use the water. And if this project goes through as currently designed it will make it very

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difficult if not impossible to make that transition from our community property and onto the Bay with our kayaks or whatever. So those are our objections.

I'm going to quickly go through the three topics. Erosion, I won't repeat what Deane said. Issues between Maryland Department of the Environment and Department of Natural Resources and a possible, a possible critical area violation committed by the contractor Environmental Concern. I don't think there's any ill intentions. I don't think there are any evil people involved with this whole issue. I think there may be some incorrect information, or some lacking information. But I think everybody has good intentions. But I think, you know, we just want to clear up some of the issues that have been going on.

Now first the erosion. The main thing with the erosion is that Environmental Concern did a study and recommended a living shoreline to the homeowner. Department of Natural Resources came down, looked at the property, and in January of 2011, I don't know if

you have copies of these memos, Greg Golden, I think is here? Hello. Sent a memo to Rick Ayella of Tidal Wetlands Division of MDE and in part stated, "based on site the site visits by personnel from the Department of Natural Resources and historical erosion rate maps there seems to be a significant build up, actual build up, of material on portions of the beach. Photographs from previous years seem to indicate that this is an accreting beach and is not just a seasonal phenomenon. In light of these facts a living shoreline project of this magnitude appears excessive." And they also talked about the Maryland maps and the historic shoreline maps. I think you have some of those in your packet.

And he concluded by saying that "the applicant should explore other means of providing shoreline protection if the Maryland Department of the Environment deems that protection is warranted for this site and that would preserve the form and function of the sandy beach habitat." And we won't go

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into dueling photos but I know you have a significant number of photos of the beach.

Now we also had, in May, I don't know if you have this copy, Environmental Concern did do some studies and they concluded that there was anywhere from 4.8 to 28 feet of erosion along the shoreline with the major part of the erosion taking place at the northern end of the property. Now the northern end of the property, I think Deane has given you a copy already of some pictures and we'll send in more copies if needed. The northern end of the property, most of that structure is actually our beachfront property. If you can call it beachfront property, you know, our common area. It's not part of the Monaco property. It abuts the Monaco property but is not part of it. And in case they are a little different from what Deane gave you I'll just pass these around. This shows.

Now I think there is some erosion there. It's possible that we've lost in the last two years

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maybe four feet of property. Part of that is a lot of rain that's been coming down. There's, we've had a hurricane. I don't think the earthquake had anything to do with it. But there has been significant erosion there. And we haven't been too worried about it because we have a lot of property before it gets to any homes.

Now, so after the May report the Department of Natural Resources again stated their objections to the project. Again, there's a June 15th letter from Maryland Department of Natural Resources to U.S. Army Corps of Engineers where they stated in part, "the shoreline to the north and south of Paw Paw Cove has experienced significant erosion over the last 150 years. But the shoreline in Paw Paw Cove, of which this is part, has experienced much less erosion and seemingly very little over the past 50 years. The area of Paw Paw Cove that does appear to be suffering from erosion is located at the northern end of the project area." A large part of which is again our

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property. "The erosion in this area is most likely due to the installation of revetment along the shoreline that abuts the Monaco property." Which was put in, what, 20, 30 years ago. Long before I was there, so I don't know anything about it. "While the erosion of this portion of the Monaco property may be real there are techniques which can be employed that would be much less intrusive and much less expensive, by the way, for the property owner, and would significantly reduce erosion in the northern part of the project. In summary, the existing habitat assemblage along the shoreline of the Monaco property, Paw Paw Cove, is an excellent example of an intact, complex, and highly functioning beach habitat." So that was June 16th.

Again, there was another report from Environmental Concern in July again stating what they felt was more relevant to the project.

Now one other thing I want to mention about the tidal wetlands report, on page two, on the third

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paragraph, there's a statement that says, "To further support this data it was noted by Maryland Department of the Environment, "the majority of the shorelines on Tilghman Island Beach are hardened, removing the source of sand which nourishes their remaining beaches."

Now we also, I think Deane sent these pictures as well. There are pictures of, there's two lots. There's a lot that is hardened and then there's another lot that is not that's owned by the Eastern Shore Land Conservancy. They bought this property to preserve it and specifically because it was a stable, nice sandy beach. And there's been, there's Indian activity going back 13,000 years on this property and they wanted to preserve it. And that's what these pictures show. The pictures show the nice sandy beach there was taken November 17th of last year. And this, this is a picture of the hardened property that's in between the Eastern Shore Land Conservancy lot and the Monaco lot. It's hardened. And even here there is

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sand build up. There is sand accretion in front of the silt, which is very unusual. But this shows you the unusual topography of Paw Paw Cove.

And sorry, again, sorry we didn't bring five copies. But we were unaware that we needed give copies.

Okay, so now about Paw Paw Cove. Bay Journal, back in December of 2009, when the Eastern Shore Land Conservancy purchased the property published an article. And it's available online. And again we, I don't know, there may be copies in there, of what you have. What they said about Paw Paw Cove was "that Paw Paw Cove is a unique site. It's one of the scarce bay front locations and the only one in Talbot County with a natural, stable sandy beach. Shoreline maps show that it has suffered little of the erosion endured by most of the rest of Tilghman Island since the 1800s." So even though a lot of Tilghman Island is hardened, and there's been a lot of erosion, there's something very unique about this area.

Okay. Page three. Now the wetlands report was issued by MDE on November 2nd and after this Mr. Golden sent an email to Rick Ayella of Department of the Environment and in part stating, there is a statement in the tidal wetlands report, down at the end of paragraph three on page two, that states, "Maryland Department of the Environment and Department of Natural Resources has since resolved the issue and agreed to move forward with the project as designed in the most recent set of plans." Well this is what Mr. Golden, and he knows that we're reading them, said in his email. "A primary concern of ours upon reading the wetlands report in view of our programmatic concerns is the wording chosen in the report." And I just read the statement. "We do not want the status of this individual project to be viewed as a precedent or indication of resolved programmatic habitat concerns. It's very important to emphasize at this point that our review team does not have programmatic concerns and issues on the overall living shoreline

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topic." "That our team does," I'm sorry, "does have programmatic concerns on the overall living shoreline topic that have not been resolved. They were not resolved at the July 26th meeting and were deferred by cancellation of the Monaco site visit." There was another planned site visit but it was put on the kibosh by Hurricane Irene, that we probably all remember. "For this specific wetland report, which we understand has already been sent to the Board, our review team did not see the referenced resolution status as accurate."

So obviously there are some problems. I don't think they are evil intent problems between DNR and Maryland Department of the Environment but they really haven't had a chance to sit down and resolve the differences. I mean, DNR feels there is no erosion, and there are other people saying they feel there is erosion that indicates that a living shoreline should be installed.

Now going away from erosion for a minute I'd like to address a possible critical area violation which occurred on the property on June 29, 2011.

LIEUTENANT GOVERNOR BROWN: Before you do that?

MS. JOHNSON: Mm-hmm?

LIEUTENANT GOVERNOR BROWN: Okay. Is that the, is that the bobcat we saw in the pictures?

MS. JOHNSON: Mm-hmm.

LIEUTENANT GOVERNOR BROWN: Okay. I'm just going to, we heard about it, it's been raised. But I'm going to ask you to hold off on that for now. And the reason why, if any of the other members want to hear more I'll certainly defer to them. But the question before us is whether or not a wetland permit ought to be issued. And you presented certainly I think a very comprehensive position on that. The issue before us isn't whether or not there was any violation.

MS. JOHNSON: Okay. I can skip that.

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LIEUTENANT GOVERNOR BROWN: Yeah. And that you brought it to our attention, and if the other Board members want to hear from it I'll certainly defer to them. But at this point let me just ask you to sort of, you know --

MS. JOHNSON: I can --

LIEUTENANT GOVERNOR BROWN: -- defer on that. Let's hear from the applicant's representative so we can kind of get, you know, sort of a little back and forth here. Understand their views, and then we may very well ask you to come back up.

MS. JOHNSON: Okay.

LIEUTENANT GOVERNOR BROWN: Is that fair enough?

MS. JOHNSON: Yes, I do have a quick finish. But I'll hold that --

LIEUTENANT GOVERNOR BROWN: Okay, great.

MS. JOHNSON: -- until after Mr. Slear speaks.

LIEUTENANT GOVERNOR BROWN: Thank you.

MS. JOHNSON: Okay.

MR. SLEAR: Wow. Good morning, Madam Treasurer, Mr. Comptroller, Governor Brown. My name is Gene Slear. I'm with Environmental Concern, a public not for profit company in St. Michaels, Maryland. I have a visual presentation for you that addressed most, if not all, of the issues that have been placed before you to date.

LIEUTENANT GOVERNOR BROWN: Let me just stop you before you get started. We have in here, I don't know, maybe 50 photographs and other representations. You're not going to take us through all of those, are you?

MR. SLEAR: I'm going to flip through them.

LIEUTENANT GOVERNOR BROWN: Flip, just flip.

MR. SLEAR: No problem.

LIEUTENANT GOVERNOR BROWN: Hit the highlights.

MR. SLEAR: This is our photograph of the Monaco property from the south, looking north, when we

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first became involved in November, 2008. A little bit about Environmental Concern, Dr. Garbisch, our founder, developed the protocol for living shorelines embraced later by the State of Maryland. We've had two presidents in our entire history. Dr. Garbisch retired in 1995, excuse me in 2005. Suzanne Pittenger-Slear is our president since that time. We've been at it for a good while. A picture in '72, same activities in 2005, only difference is the color.

We have three major functions. We grow in our nursery in St. Michaels, teaching all of the wetland sciences to professionals all the way down to schoolchildren, and we restore and create tidal wetlands. Over 30 miles of shoreline have been created in the Chesapeake Bay watershed and almost 1,000 acres of marsh have been restored since 1972.

We are a company that is science based, fact driven practitioners and who still get wet and muddy everyday in our practice.

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A property that was before this Board several years ago, it was the Ruiz property in Folly's Quarters. You may recall that, Madam Treasurer, Mr. Comptroller. The controversial issue at that time, 1,300 lineal feet of living shoreline to replace a failing bulkhead. It was an involved project, but if you would like to see the finished product there is now a vibrant marsh in place.

A little background that may be a little more comprehensive than what was presented before, this is Paw Paw Cove, the popular name for this is a cove on the main stem of the Chesapeake Bay. There is a 21-mile fetch to the north, 12 miles to the west. It is just outside the Choptank watershed. The boundary for that fall line is the road. Tilghman Beach, shown here, is to the north of the property as well as the remainder of Paw Paw Cove to the south.

Again, this is what we were presented with at mean high water in the winter of 2008, there is no beach evident. It is covered with phragmites, and

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invasive and toxic species that we have worked hard to eliminate over a three-year period. We cut it in 2009, treated it. This is at low tide. The root map is being gradually covered by sand, it's being pushed back.

At the October, 2010 meeting of the regulators on the shoreline here at Maryland Department of the Environment by Meghan Senkel, DNR, and the Critical Area Commission by Nick Kelly, the Army Corps of Engineers is there, and so is the Talbot County planner. We reviewed the application as it stood at that time. We received recommendations and comments from the regulatory agency after a site visit and we incorporated them in our final application which was accepted by the Maryland Department of the Environment in late October. It was then presented at a public hearing in December of 2010, which the Tilghman Beach Association was represented, Ms. Johnson was there, as were regulatory bodies,

regulatory representatives. I do not believe DNR attended that meeting.

This is an overview of the properties that were referred to the photographs. I'd like to give you some perspective on this, if I could. This is the Monaco property. The red line are the outline of the '72 wetland as defined in the regulations. It extends it to an included tidal inlet that extends back up into the Monaco property. The yellow line is the mean high water line as of 2009. The dotted yellow line is the 100-foot critical area buffer required by law.

LIEUTENANT GOVERNOR BROWN: What's the red line again?

MR. SLEAR: The red line is an overlay delineating the '72 wetland maps.

LIEUTENANT GOVERNOR BROWN: Okay.

MR. SLEAR: I'll show that --

LIEUTENANT GOVERNOR BROWN: That's what it looked like in '72?

MR. SLEAR: Yes.

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LIEUTENANT GOVERNOR BROWN: Got it.

MR. SLEAR: I'll give you a better picture of that in a minute. Here we've zoomed in on Tilghman Beach Association private properties and public lands, right here is the Monaco property. Again, mean high water 2009. Notice the critical area, 100-foot critical area buffer over here. This is the 100-foot critical area, I mean mean high water buffer. Here is the edge of tidal wetlands. Ms. Monaco proposes to build some 330-some feet off of mean high water and a goodly distance off of the edge of tidal wetlands. And you see this the proposed house location.

More information on the '72 wetland maps. What happened, I'm going to go to a graphic right after this, this was upland or high marsh in '72. It extended right along here and then joined the bulkhead or the Armor property to the north. This is an included tidal inlet. There was at one time reasonable tidal flushing occurring in this area.

This graphic depicts that. Again, here is the '72 tidal wetland map showing the tidal inlet. Here is Ms. Monaco's property line. Here is the property line on the south.

Here is what's happened over time. This is upland in this presentation. As this land eroded since '72 and moved back, at the same time it was moving and depositing this in the tidal inlet, raising the elevation of that which supported phragmites, that noxious invasive weed. That has now overtaken the entire inlet. It is fully occluded now. And as you can see, the shoreline has moved back and this entire peninsula is now gone.

With our phragmites elimination we have first cut and then treated the phragmites, cut it and treated it again, on the property. And we have now achieved success, we believe, and we are prepared to move forward with the wetland license, have been prepared to move forward since, for a goodly period of time.

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What we are proposing is to restore tidal and nontidal wetlands in this area; construct a stone sill which will serve to contain the new marsh placed in the footprint of where upland used to be. Now watch what happens when, when that's constructed we have enough sufficient openings so that the daily flushing of the tide, twice daily flushing of the tide, will allow for that intertidal zone to be completely washed. The water quality benefits of that are significant. And we improve the habitat by constructing that with those tidal inlets.

Much has been said about erosion. This is our picture in March of 2011 of the tidal effect on that shoreline. This is a low tide, storm, wind driven -- oops. Another graphic representation. This is an herbivore exclusion fence constructed with a permit from Talbot County. That shoreline is, that is on the Monaco property. That's actually a foot back from the Monaco property and that shoreline has eroded completely.

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This is the shoreline on the Tilghman Beach Association. You can see the collapsed riprap from overtopping of the erosion.

Here they are on the Tilghman Beach property again, an erosion contractor repairing the sill structure there. Fair to say the reasonable person would conclude that there is significant ongoing erosion and significant energy on that site that needs to be protected.

To take you through two more with a little more detail. Again we're going back to that overview of the slide, '72 wetland lines identified there. We took trans, I referred to earlier the data we developed over a three-year period, early 2009, two and a half year period, early 2009 through 2011. What's happening is the wave action is attacking that vertical base. As it attacks the phragmites are dying because of the salinity and the wave action. As the sand is then pushed through the phragmites and then back up into the land it's, it can best be

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demonstrated here, on this section drawing. Here was the elevation of the sand in 2009, that red line.

Here's what we surveyed and confirmed in 2011. That's moved back. The sand has been pushed back, it's been elevated here, and it's filling in that tidal inlet.

So we have not, to digress for a minute and address the most egregious of the statements made earlier, we have not filled any wetland. There's been no wetland violation at all. What we have done is cleared the beach from debris that accumulates on a regular basis at that site. And I digress.

Here's a picture of the beach as it now exists at low tide. You can see the phragmites root mass still in place. Notice the distance between that and the tidal inlet.

Here is that tidal inlet, the phragmites roots are still there. We do not see any new growth.

One issue that was perhaps, I would like to draw your attention to the surface hydrology in that area. Ms. Johnson mentioned that there is significant

rain events and they have a lot of property that drains, over time, some time in the past, the outfall from that drainage has been directed onto the Monaco property and into the nontidal wetlands. Don't know who did that. We certainly didn't. We didn't discover it until we started treating the phragmites.

Here are the results of that surface drainage. This is a picture two days or so after a major storm. You'll notice the drainage back into that tidal inlet. That's not going back out to the shoreline. This is a higher area here that's draining from the tidal inlet. That is surface water runoff.

When the storm is too severe it will overtop that occluded tidal inlet and it will then cut a path through the existing sand out into the water.

Issue of habitat, this is the shoreline at Eastern Shore Land Conservancy in January, 2012 taken at an apparently different location and at a mean high water level. This is the shoreline at mean high water at the Monaco property.

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I'll direct your attention to the two-page document that I gave you that is included in your book. It addresses the issue of terrapin and horseshow crab habitat. I'm not going to read through this entire thing. But we have listed our references on the second page of this. And chief among them is Roosenburg, who is the chief investigator on a research grant funded by the Army Corps of Engineers for Poplar Island. Poplar Island is about eight miles as the crow flies from this location. The cites that we list, ten cites, are rife with statements that they are not going to breed in areas below mean high water.

LIEUTENANT GOVERNOR BROWN: Let me stop you here. Ten sites, not this property?

MR. SLEAR: I'm sorry, no ten citations from the literature.

LIEUTENANT GOVERNOR BROWN: Oh.

MR. SLEAR: I'm sorry. And they go on to say that --

LIEUTENANT GOVERNOR BROWN: Cites with a C,
not with an S?

MR. SLEAR: I'm sorry, Governor.

LIEUTENANT GOVERNOR BROWN: My Cs and Es
today are getting to me.

(Laughter)

MR. SLEAR: We'll call it a sit day.
Terrapins are, I'll read two. "Terrapins are
dramatically affected by loss of marsh habitat. Salt
marshes, spartina marshes, are critical foraging,
nursery, and overwintering areas for diamondback
terrapins. But marshes have been disappearing rapidly
over the last 100 years." Witness Monaco residence.
"Salt marshes are extremely productive areas that
serve as nurseries for a variety of species. And it
goes on to say that --

LIEUTENANT GOVERNOR BROWN: Okay, yeah, we
have that here. Thank you. Do you have anything
else?

MR. SLEAR: So I've adequately addressed that.

LIEUTENANT GOVERNOR BROWN: Do you have anything else that you want to present?

MR. SLEAR: No, I would just like to correct that we are Environmental Concern.

LIEUTENANT GOVERNOR BROWN: Yeah.

MR. SLEAR: That is our name.

LIEUTENANT GOVERNOR BROWN: No, we got that. We appreciate that. Okay, two things I want to do. One is on the issue of noncompliance with, you know, proceeding with work that is not authorized while it is not rightfully, appropriately before this Board. Since it has been raised in a public venue I'm going to ask that MDE, I'm assuming that's your, MDE, where are you, MDE?

SECRETARY MCDONALD: Jay Sakai. Mr. Sakai is here.

LIEUTENANT GOVERNOR BROWN: That's your lane, that's your issue. And I've asked that you all

look into that and just make sure that anything that's being done on the property is in compliance with approvals, permits, authorizations, etcetera.

TREASURER KOPP: Could I ask a question of MDE?

LIEUTENANT GOVERNOR BROWN: Mm-hmm.

TREASURER KOPP: Is any of this new to you, what you are hearing? We don't have in our backup information regarding a cease and desist order. I just want to make sure --

MR. SAKAI: Good morning, Madam Treasurer, Comptroller Franchot, and Lieutenant Governor Brown. Jay Sakai representing the Department of the Environment.

The short answer to your question is no, none of this is new information. We've been through a process over the course of about 18 months this, you know, assessing this project. Ms. Monaco has recommended a, what we think is a good project and good approach to the stabilization of the shoreline in

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front of her property. This process has gone through public review, public comment. And there's been, through that 18-month period of time, I think a very good attempt on the part of the applicant to try to address the concerns that have been raised.

With respect to the allegations about noncompliant activity, we have been to the site. We investigated a number of times, up to four times that are in our records, not found problems with, any problems with noncompliant activity. And I'm not aware of a cease and desist order. The applicant is waiting for the approval of the Board, or the issuance of the license to proceed with the majority of the stabilization work.

I do want to say that the Legislature did in fact pass legislation several years ago that was in effect trying to promote marsh creation living shorelines and you are all familiar with that. This is an attempt, we think a very good attempt, that will result in a good environmental benefit as opposed to

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doing a revetment or just a beach replenishment and it will restore habitat in what we think is a very healthy way.

LIEUTENANT GOVERNOR BROWN: Okay, anything else from any other members of the Board? Or any members of the Board?

TREASURER KOPP: Yeah, I do have another question, Governor.

LIEUTENANT GOVERNOR BROWN: Yep, okay, please.

TREASURER KOPP: Sorry.

LIEUTENANT GOVERNOR BROWN: Mm-hmm, no that's fine.

TREASURER KOPP: DNR, is this resolved or is it not?

MS. WARD: Could I ask Greg Golden to come up and say a few words about it?

TREASURER KOPP: I'm told it's resolved here, and then we are told it's not truly resolved. I want to hear from you.

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MR. GOLDEN: Good morning. Greg Golden, Director, Environmental Review Unit, Maryland Department of Natural Resources. We conducted a rigorous and vigorous review and there was much, much content. At the end, or nearing the end, of the review we were asked even by the agencies and Mr. Doldon Moore to put into a memo to explain exactly where we were at. And so the key statement in there is that following the meeting and additional discussion the department agrees with MDE that the proposed shoreline protection project is a permissible design. And it goes back to the discussion of the importance of living shorelines and the extensive review work that was done by both Department of Natural Resources, and Department of the Environment, and the consultant. Therefore, and we had to state this clearly, therefore the department would not object to the proposed project being permitted by MDE.

Just briefly, was there a lot of review information? Yes, there was. And I, I'm a person of

detail and integrity and it was very important to me that in that, it was quoted, a summary document, it's very important to me that nobody does misunderstand that all issues were completely resolved. What we want living shorelines to be as a programmatic issue is the state of the art continually advanced, so that what we do this year will be very good and what we do next year will have more information considered, and into the future. And that's an important point.

Because the content, this review was a long review and the content that was involved was to make not only a single project better but the process into the future. And we put this memo out for Mr. Doldon Moore and for MDE so that they understood where we were at.

TREASURER KOPP: So the bottom line is, as you stated, for this particular project at this particular time, DNR is supportive?

LIEUTENANT GOVERNOR BROWN: Doesn't oppose.

MR. GOLDEN: That's a tricky word. Not opposed.

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TREASURER KOPP: Doesn't oppose, yes. No, I heard that.

MR. GOLDEN: And agree it's a permissible design. And we were very careful, we had a meeting to discuss the wording because, you know, we want to be precise on that.

LIEUTENANT GOVERNOR BROWN: Sure. Sure.

TREASURER KOPP: I'll bet you did.

MR. GOLDEN: And we comment on many projects throughout the State that are permitted, and there are many types of projects like this. And the difference between permitting agencies and commenting agencies are true.

TREASURER KOPP: Yeah. No, I --

MR. GOLDEN: And that's playing out, you know, in our discussion here.

TREASURER KOPP: Is a wetlands license needed to clear out phragmites? To clear out invasive

--

MR. GOLDEN: I'm going to defer that back to MDE.

TREASURER KOPP: Yes and --

MR. SAKAI: Typically not. There is a requirement to get a toxic materials permit which was secured for that, the removal of the phragmites.

TREASURER KOPP: So there's no legal issue?

MR. SAKAI: There's no license. There's no legal issue.

TREASURER KOPP: Okay.

MS. JOHNSON: Madam Treasurer, can I address that? Because I do have a piece of information that would address your questions directly. Can I say something?

LIEUTENANT GOVERNOR BROWN: Sure.

MS. JOHNSON: And I know it's not in the --

LIEUTENANT GOVERNOR BROWN: So the question was whether or not, can you just restate the question? Whether or not there is a requirement for a permit --

TREASURER KOPP: For a wetlands license.

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LIEUTENANT GOVERNOR BROWN: Wetlands license

--

TREASURER KOPP: To clear invasive species -

-

MS. JOHNSON: To clear debris. Or to clear
debris --

LIEUTENANT GOVERNOR BROWN: No, not debris.
No, no. To clear what?

TREASURER KOPP: Well, the phragmites.

MS. JOHNSON: Environmental Concern did have
a buffer management plan to clear phragmites from the
property. But that was well and away from the sandy
beach area. I have an email from Elisa Deflaux, who
works for Talbot County Government Planning and
Zoning, who cleared up the issue of the buffer
management plan permit that Mr. Slear had stated was
their authorization to go onto the beach and clear
debris and actually to push the sand back. And she
stated no, that it had nothing to do with them being
on the beach with a machine with a shovel attached

pushing sand around. And I have her email that I'd be happy to give you a copy of.

So that's why I was hoping that the Board would at least defer a decision on this property now. Because there are some issues that, and you can tell how carefully Mr. Golden was speaking. They've repeatedly stated they don't think there's erosion. We think there is a problem with the design and we respectfully request that the Board at least defer a decision until some of these issues can be addressed a little more closely. Even though it's been 18 months, even though it's been a long time, we think there really needs to be a little more discussion. And I thank you very much for letting me babble on.

MR. SLEAR: May I take a minute?

LIEUTENANT GOVERNOR BROWN: Last bite.

MR. SLEAR: Gene Slear, Environmental Concern. There was never a cease and desist order issued. We have not trespassed on their property. The buffer management plan submitted to Talbot County

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was for upland erosion. There was debris throughout the entire site, all the way up to the road. The, we received a permit from Maryland Department of the Environment to treat the phragmites and remove it from the beach. That's what we did and we did it under that permit.

TREASURER KOPP: And that's what MDE was --

MR. SLEAR: Yes, it's different divisions. It's not Tidal Wetlands, it's Toxic, but we operated consistent with that permit.

LIEUTENANT GOVERNOR BROWN: Okay, thank you.

MR. SLEAR: Thank you.

LIEUTENANT GOVERNOR BROWN: Anything else from the Board members on Item 5?

TREASURER KOPP: Did you want Mr. Moore to say something? He's standing there looking expectantly?

LIEUTENANT GOVERNOR BROWN: Mr. Moore, are you looking to say something? Or you're here to --

MR. MOORE: No.

(Laughter)

MR. MOORE: If I stand around long enough --

LIEUTENANT GOVERNOR BROWN: You're here to respond to any questions, or anything like that? Okay. Any other questions, members of the Board? Or comments? Okay. Is there a motion on Item 5 of the Secretary's Agenda?

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR BROWN: The Comptroller moves approval, seconded by the --

TREASURER KOPP: Lieutenant Governor.

LIEUTENANT GOVERNOR BROWN: -- Lieutenant Governor. All those in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

TREASURER KOPP: No. But I would have preferred a little more time to get some of the answers, although I don't think they would actually in fact change the situation. The woman came and is requesting a permit to do on her property what she can

to protect her property in a legal way. So I will not object to it, but I will abstain because I would like --

COMPTROLLER FRANCHOT: What do you want, another two weeks?

TREASURER KOPP: That's what I was going to suggest but it's not --

COMPTROLLER FRANCHOT: I'm happy to --

LIEUTENANT GOVERNOR BROWN: Okay. So the Comptroller withdraws the motion, and I have no objection as the seconder. And the, and so the motion is to --

TREASURER KOPP: I just think some of these things should be answered on the record. Although as I understand it --

LIEUTENANT GOVERNOR BROWN: Okay.

TREASURER KOPP: -- it is somebody seeking to do legally what is --

LIEUTENANT GOVERNOR BROWN: So the Treasurer moves for a two-week, or till the next --

TREASURER KOPP: The next --

LIEUTENANT GOVERNOR BROWN: -- the next three weeks. And I'll second that. All those in favor say, "Aye."

COMPTROLLER FRANCHOT: Only on the condition we don't go through --

TREASURER KOPP: Yeah.

COMPTROLLER FRANCHOT: Yes.

TREASURER KOPP: Yeah, we've heard the problem.

LIEUTENANT GOVERNOR BROWN: What, right, what we would like, what we would like is a written response to the issues raised. Okay? Great. All in favor of the three-week postponement say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Hearing none we'll take that up in three weeks. Thank you for your

--

MR. MOORE: Thank you.

LIEUTENANT GOVERNOR BROWN: -- the information presented today. Let's take up the remainder of the Secretary's Agenda. Madam Secretary, you're on.

SECRETARY MCDONALD: We have 18 items this morning. We have three reports of emergency procurements. You've already deferred Item 5 and we're ready for the rest of the items if you have any other questions.

COMPTROLLER FRANCHOT: I have some questions on Item 4.

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR BROWN: Item 4, questions from the Comptroller on Item 4.

SECRETARY MCDONALD: Item 4? Again, this is Mr. Doldon Moore. That is the recommendation from the Wetlands Administrator, who has concurred with the recommendation from Department of the Environment to

grant a wetlands license to UNISTAR Operating Services. Mr. Moore?

MR. MOORE: Again, good morning. It's like a double header here today for you. Again, I'm Doldon Moore, Wetlands Administrator. Before you today is wetlands case 08-1462, which is UNISTAR Operating Services, LLC and Calvert Cliffs 3 Nuclear Project, LLC are the applicants.

This is a request for a license to construct structures that are associated with the construction of a 1,710 megawatt pressurized water nuclear reactor located on the Chesapeake Bay in Calvert Cliffs at the nuclear generation station. There are five elements to the project.

The first is to construct an intake at the existing fore-bay by constructing a sheet pile wall and placing 100 linear feet of stone armored protection; mechanically dredging a 900-square foot area to the minus 25-foot depth at mean low; construct a trash rack; and emplace a stone revetment.

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The second element is to construct a new fish return by mechanically dredging an area to the minus six-foot mean low and placing an 18-inch high density quality ethylene pipe and to construct a stone apron, emplace stone/sand fill covering the HDPE pipe; and to emplace a stone revetment.

The third element is to construct a discharge pipe by mechanically dredging an area to the minus 16 .5 foot mean low and place 550 feet of 30-inch HDPE pipe; construct a stone scour pad; construct a discharge fuser; and emplacing again stone sand fill covering the 30-inch HDPE pipe; and emplace a stone revetment.

The fourth element is to restore the existing barge unloading facility that has been there with original Calvert Cliffs 1 and 2 by mechanically dredging an area of 1,905 square feet to the minus depth of 16 feet, and also again to construct a steel pile wall; and also construct a stone apron.

The last element is to dispose of approximately 67,000 cubic yards of dredged material at an on site approved disposal site.

And today we do have representatives from UNISTAR and MDE to address any questions that the Board may have. We have no one wishing to speak in opposition of granting the license. Thank you.

LIEUTENANT GOVERNOR BROWN: Thank you. Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes, thank you. And thank you for that excellent presentation. I was just sitting here trying to wrap my head around the wetlands license we were just talking extensively about. And this one, because obviously we're talking about a significant amount of activity, should we approve this, moving forward. Is there some way for you to help me conceptualize how big this permit is compared to the one we just spent a lot of time talking about?

MR. MOORE: Quite a bit larger. The biggest component is really the dredging of the barge loading area. But a percentage of that, about half or so, was dredged back in the seventies when the plant was originally developed. There is no impact to resources in this area. It was a natural oyster bar back in the seventies, but that was mitigated at that time on it. So in terms of resource impacts it's very minimal on the tidal side.

COMPTROLLER FRANCHOT: I was just being a little facetious.

MR. MOORE: I know.

COMPTROLLER FRANCHOT: Because obviously this permit that is before us is of enormous magnitude to the State, and frankly to the country. Because should this all move forward I believe this would be the first nuclear reactor --

MR. MOORE: Yes.

COMPTROLLER FRANCHOT: -- constructed in the United States for several generations, or several

decades at least. So just for the record, if I could understand a little bit more of the circumstances that are surrounding this. It's my understanding that the U.S. Corps of Engineers and Maryland Department of the Environment has studied this proposal significantly.

MR. MOORE: Correct.

COMPTROLLER FRANCHOT: They have had an opportunity to weigh in on the environmental and ecological merits?

MR. MOORE: Correct.

COMPTROLLER FRANCHOT: Can you summarize those agencies and their positions on the proposal? And specifically, are both agencies confident that the project can proceed without doing damage to the Bay, the marshlands, aquatic plant, seafood population, and the ecosystem?

MR. MOORE: If I may defer to the Department of the Environment?

COMPTROLLER FRANCHOT: How many thousand cubic yards are we dredging here?

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MR. SAKAI: If you'll just bear with me the, yeah it's 67,000 cubic feet of material that's being dredged. There's going to be a restoration of --

LIEUTENANT GOVERNOR BROWN: Cubic feet or cubic yards?

MR. SAKAI: Cubic yards, I'm sorry. There will be a, part of the mitigation plan for the impact, particularly to those of the natural oyster bed, there will be a mitigation requirement associated with this license for the creation of four and a half acres of shallow water habitat. Along the way the impacts, by the way this has been a process that has gone on for about 40 months or so with the resource agencies. You know, evaluation of alternatives, minimization, looking at sites that would minimize the impact, and then mitigation for all of the tidal and nontidal impacts along the way.

So the answer is yes, we do believe that through the appropriate mitigation and constraints that are put into this license and the permits that

the impacts to Maryland's natural resources will be fully mitigated for.

COMPTROLLER FRANCHOT: Okay. And my understanding is the project, not the permit but the project, is stalled right now as far as the plans for a new nuclear power plant?

MR. SAKAI: Yes, sir. That is our understanding. There is a, as you know the development of nuclear power is a long process. This is one step in that process involving preparation of the site should a reactor be authorized. And as I'm sure you're aware there has been, there is going to be additional decision making both by NRC and by other agencies related to the development of that reactor. So there are other questions that have to be answered and other issues have to be resolved prior to the construction of the reactor.

COMPTROLLER FRANCHOT: Okay. So, and I understand when Constellation pulled out of its

partnership with EDF, which is the parent company of the applicant UNISTAR, is that, do I have that right?

MR. SAKAI: EDF is the parent company of UNISTAR Operating Services.

COMPTROLLER FRANCHOT: Right. And when that happened under federal law a foreign corporation, or frankly any foreign citizen national or government, cannot apply for a license to build a nuclear reactor in the U.S.

MR. SAKAI: That's correct. And as a condition of the NRC license they will have to secure a U.S. partner.

COMPTROLLER FRANCHOT: So, and I, obviously that's good policy. But is that, are there any partnerships in the works that would get this project moving again should we approve this license?

MR. SAKAI: I'm probably not the person to answer that question. Either perhaps the applicant, or --

COMPTROLLER FRANCHOT: Well let me, while I've got, I'm sorry let me just, I'm happy to hear from the applicant. But let me while I've got you, what is the, just for clarification, if the project can't proceed until EDF finds a U.S. partner, which I take it is the situation, why are we issuing the wetlands license at this time? Why don't we just wait and see whether they come up with a partner and the NRC is moving forward? It's kind of hard to put this stuff back once you take it out, right?

MR. SAKAI: That is true. And I guess the answer to that is that because the development of a facility such a Reactor 3 proceed along a long timeline, regulatory and otherwise, that the environmental permitting which would normally be addressed up front during the assessment stage is part of that process early on. We would, you know, certainly expect that they still have to secure regulatory approval from the Corps of Engineers. They still have to secure regulatory approval from NRC

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among others for the development so that we would expect this to be part of that approval process and that construction would not begin until they have secured both a U.S. partner and address all the other issues associated with the license.

COMPTROLLER FRANCHOT: Oh, so the dredging and everything anticipated is going to be deferred until the project --

MR. SAKAI: My understanding is that the construction will not proceed until the --

COMPTROLLER FRANCHOT: Okay, well that's good information. And if the company wants to comment, is that the company's representative there?

LIEUTENANT GOVERNOR BROWN: Yeah, no, I think we should, some of those questions are probably better answered by UNISTAR --

COMPTROLLER FRANCHOT: Excellent.

LIEUTENANT GOVERNOR BROWN: -- UNISTAR's representative. So welcome, introduce yourself, and good morning.

MR. JARMAS: Great to be here. My name is Ed Jarmas. I'm Senior Vice President of UNISTAR and General Manager at Calvert Cliffs 3. Comptroller Franchot, Governor Brown, Treasurer Kopp, once again I'm here to represent UNISTAR and the project. I also have Dmitri Lutchenkov attending with me who can handle any of the technical questions along with questions that you have for the MDE, and also for the tidal wetlands administrator.

The one question that I did want to respond to that I heard, which is why should we, why should the Board consider issuing, granting this wetlands permit at this point in time? I think needs to be addressed in context of the overall aspect where the project is. I heard the word stalled. I think the word stalled may be an overcharacterization of where we are at. I think one needs to realize that the project has expended over \$500 million in development expenses to get us to where we're at. That is through a whole host of permitting activities, detail design

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engineering activities, and primarily associated with the licensing activities that the Nuclear Regulatory Commission, which is overseeing all the safety related review for the project.

One of the reasons we need the license issued at this time is to move forward on the issue that you raised, which is where are we in identifying a U.S. partner. When you have a project that has spent \$500 million to date to get to where we are at, and you still have a few outstanding permits that need to be acquired that are critical to going forward with the project, this being one of them, it's absolutely critical that we represent to the U.S. partner that we have cleared those hurdles. So that is the primary reason that we are seeking this permit now, is to move forward with identifying and bringing in --

TREASURER KOPP: Is it your intent to do any work now?

MR. JARMAS: The question, you know, the answer to that, the MDE provided is would we go

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forward and impact the environment prior to having made a decision to go forward with the project. Both from a commercial economic perspective, and certainly also from an environmental perspective, it's not our position to go forward and perform these activities until we have made a decision to go forward with the project. And going forward with the project would entail bringing in a U.S. partner, which we would need prior to having the NRC issue the combined operating license.

COMPTROLLER FRANCHOT: Thank you, Madam Treasurer, for asking that. I think that's an important piece of information. I have another issue while I've got you here that I'd like to just bring up. My notes tell me, and my recollection was, that there was a deal struck between UNISTAR and the AFL-CIO to construct this reactor under the terms of a project labor agreement?

MR. JARMAS: That is correct.

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COMPTROLLER FRANCHOT: And I'm a huge fan of that. Because I think you're going to get a good quality project, on time, on budget. And obviously it helps Maryland trades. So I applaud you on that. Safety and reliability I think will be a result. But here's my question. What happens if, I think you had that arrangement a couple of years ago.

MR. JARMAS: Mm-hmm.

COMPTROLLER FRANCHOT: What happens if you enter into a business relationship with a new U.S. partner that doesn't have my enthusiasm for project labor agreements? For whatever reason. Are there safeguards baked into the PLA that you currently have that will keep those terms and conditions in place regardless of who that partner may be? I take it Bechtel is involved in this also somehow.

MR. JARMAS: Great question. Absolutely correct. Bechtel is involved. Bechtel is part of the consortium with AREVA, AREVA being the supplier of the nuclear technology and Bechtel being the constructor.

Bechtel has been involved in more nuclear construction projects in the U.S. than any other contractor. So we feel very comfortable with Bechtel being the principal party to the project labor agreement. The project labor agreement is an agreement between Bechtel Construction and the various union members. We at UNISTAR have committed to the unions that we will also operate, even though we're not a signatory party to the project labor agreement, that we will also operate under the terms of the project labor agreement.

We have a very strong relationship with the Washington Building and Construction Trades Department that would supply the union labor to build this facility. In fact, I talked to Vance Ayers who is Secretary of the Building and Construction Trades this morning. I explained to Vance that I couldn't attend a board meeting at the Construction Commerce Council because I would be here. Vance had offered to me, would it help if he was here in helping to move the permit process forward? Or would it help if he would

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contact the Board of Public Works in support of this project? I indicated to Vance I very much appreciated that but I didn't feel it was necessary at this time.

The reason I bring that example up as recently as this morning is that I think it just exemplifies the relationship that we have with the unions. And we are certainly going to do everything it takes on our part to make sure that that stays in place. Bechtel, who remains our primary contractor, has the agreement with the unions. And regardless of who the new partner may be it's going to be UNISTAR's position that there is tremendous value there for the reasons that you raised. Safety and reliability, on time, and an on budget type of performance.

COMPTROLLER FRANCHOT: So it sounds to me as if regardless of who the new partner might be, that PLA will stay in place based on your testimony?

MR. JARMAS: We're committed to keeping it in place.

COMPTROLLER FRANCHOT: Okay. Then just finally, you know, I understand all the policy arguments of nuclear power.

MR. JARMAS: Mm-hmm.

COMPTROLLER FRANCHOT: I'm not a huge fan of that on the merits. I think that there are lots of issues involved, and obviously Japan, and Three Mile Island, and all of these other incidents bring some of those concerns. But my major concern right here today is with the rate payers.

MR. JARMAS: Mm-hmm.

COMPTROLLER FRANCHOT: Are, do you have any perspective on, putting aside my philosophical concerns with nuclear power, what is the impact on the rate payer of building this enormous project as far as typical utility bills for Marylanders?

MR. JARMAS: Yeah, well the project is currently, the project is currently structured as a merchant facility. So under the current structure there is no established rate base and corresponding

impact to rate payers. Okay? That's the first part of my answer.

The second part of the answer is that to the extent we, within the State of Maryland, want to bring in essentially green, carbon free, baseload generation, which is not solar or wind. Because eventually you do get to the point where you do need 24/7 baseload power to fill the gap. And it's not coal, and perhaps it's not natural gas which has 60 percent of the carbon emissions of a coal plant. So you still have carbon emissions. That we work towards a solution, and certainly not for this, you know, it's not the topic necessarily for this meeting and I'm not proposing a solution. But that the State of Maryland and the federal bodies work through whether it's a carbon tax, or some type of mechanism to make the project more attractive to the State of Maryland. Because the opportunities for a nuclear project within the State of Maryland are enormous from an

environmental perspective and certainly from a job perspective as well.

COMPTROLLER FRANCHOT: I want to hire you guys to help with the coal industry and the poultry industry. Because if you are able to make that case about nuclear I'm impressed by the strength of your presentation. I'm kidding, obviously.

But this, am I right, that this would be the first new reactor in the U.S.? Or have it got my facts mixed up there?

MR. JARMAS: We could say you're absolutely right if we say it's the first nuclear merchant reactor. Because Southern Company is in the process of constructing Vogtle in Georgia. They have pretty much concluded their site preconstruction activities and they are very close to starting their safety related construction. I quantify it as a much different type of facility because it is purely a rate based facility within Southern Companies in Georgia.

It does have a DOE loan guarantee commitment so that

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project is going forward and is ahead of us. So there is a strong possibility that if things work in our favor that we have a project that could come online as either, you know, roughly number two or number three in the U.S.

COMPTROLLER FRANCHOT: And just finally if you do have a U.S. partner and it moves forward, what kind of subsidies or loans are we talking about? For example, what has Southern received for their project? And is that similar in scope to the --

MR. JARMAS: Yeah, one of the most critical aspects, I mean there are a couple of things that would underpin us going forward. And that's why it's important, in issuing this permit it's not like we receive the wetlands permit from the Board of Public Works and the Maryland Department of the Environment for the, for the nontidal portion, and the U.S. Corps of Engineers and we go forward with site preconstruction activities. That's certainly not the

case because we need a couple of other things to come together.

And one of the principal things that we need is securing the funding for this project. And to be able to secure the funding is to be able to come to acceptable terms with the Department of Energy loan guarantee program. We have a loan guarantee application on file. That's an application that Southern Company had. Southern Company, I believe, was awarded \$8.33 billion of loan guarantees. It's not actually a loan, it's just guarantee that that loan will be repaid. We are seeking a similar, not necessarily in size, but a similar loan guarantee through the Department of Energy and we're actively engaged in that process now. And that's just another example for us to move forward with the loan guarantee process in the DOE we continually need to represent to the DOE our progress in moving permitting processes forward, NRC licensing processes forward. We have to represent that we are a real project. And we are

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doing that. And we are providing the Department of Energy 90-day updates on where we're at. And it would certainly be a very positive event for us on our next 90-day update to the Department of Energy to clearly state that we have received permits both from BPW, MDE, and the U.S. Corps of Engineers.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR BROWN: Anything else?
Okay, anything Madam Treasurer?

TREASURER KOPP: Just, so we have here on our application four bullets, including reconstructing a barge, runoff load facility, which then requires, it's not your intention to do that prior to the go ahead for building a new building? Building a new plant?

MR. JARMAS: That's correct.

TREASURER KOPP: I am not saying I'm for or against doing that.

MR. JARMAS: Mm-hmm.

TREASURER KOPP: I happen to be a proponent of nuclear energy, however. I wish you well. Thank you.

MR. JARMAS: Thank you.

LIEUTENANT GOVERNOR BROWN: Given your, you know, you certainly have spent a lot of resources in this project. You've got a pretty good hand on the timeline. If you meet all your gates and your approvals with, you know, make assumptions for delays, when would be the earliest you think that you would do any work pursuant to the permit that this Board might approve today?

MR. JARMAS: Yeah, that's a difficult question because the answer is highly speculative since it's driven by a number of factors that need to come together.

LIEUTENANT GOVERNOR BROWN: Like getting a U.S. partner.

MR. JARMAS: And getting a U.S. partner is one. But the three items that really need to come

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together to be able to drive the negotiations with a U.S. partner as quickly as possible is the position that we have with the Department of Energy on the loan guarantee program; the due diligence process that the U.S. partner would have to go through by proving that the project is ready to go; and that there is the economic viability associated with the project that there is some realization of a regulatory framework both within the State of Maryland a little bit broader when I say carbon tax. That makes the project economically viable. When those come together then our sponsor, our parent, EDF, would have to make the decision to give the green light to go forward or not.

LIEUTENANT GOVERNOR BROWN: Great. Because what I just heard was you're not going to be disrupting the environment unless this thing is really viable and going forward?

MR. JARMAS: That is correct.

LIEUTENANT GOVERNOR BROWN: Okay. Any other questions or comments from the Board?

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COMPTROLLER FRANCHOT: I'm going to reluctantly vote for this, despite my concerns. And the concerns I have, a lot of them, are just economic. I mean, the type of loan guarantees are just, you know, huge. And I take it you can't get private sector capital for this? Or this all has to be guaranteed by the taxpayers?

LIEUTENANT GOVERNOR BROWN: Aren't they, they're getting private sector capital that is then guaranteed by the public sector, right? You're not getting public sector capital, are you?

MR. JARMAS: That's correct. That's correct.

COMPTROLLER FRANCHOT: Right. I'm sorry, yeah, okay --

MR. JARMAS: Monies that would be available --

COMPTROLLER FRANCHOT: Private sector capital without a taxpayer guarantee.

MR. JARMAS: Well the monies that would be available from the federal financing bank would be guaranteed by the loan guarantee office. But it's all driven. Once you do have that loan guarantee then a number of financing options do open up.

COMPTROLLER FRANCHOT: But the industry, I take it, is not viable without the federal loan guarantee?

MR. JARMAS: That's correct.

COMPTROLLER FRANCHOT: Well that, among other things, is my concern with the sector. But having said that I appreciate the project labor agreement. I think that's a very commendable step. And on your testimony that that's going to stay in place I'm going to vote for this.

LIEUTENANT GOVERNOR BROWN: Anything else from --

TREASURER KOPP: Yeah just out of curiosity, this may be an unfair question. You have a very active company. One aspect is this Calvert Cliffs.

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Are you doing anything as a corporation to forward the efforts toward cap and trade, carbon tax, recapture?

Any --

MR. JARMAS: Yeah. UNISTAR, we are very focused on the development of Calvert Cliffs 3 from a project development standpoint. We are also engaged, and that activity occurs more at what I would say the parent level, EDF, Inc. out of Chevy Chase, Maryland in what I would view, or view as kind of the public form in impacting policy, perhaps influencing policy, stating positions. So our parent is, but UNISTAR is not necessarily that active on that front because we are very focused on kind of the development, what needs to happen to be able to move this project forward?

TREASURER KOPP: But you do agree that until the total cost of energy is incorporated one way or another in the price, in the pricing mechanism, it's going to be very difficult to do anything except continue polluting.

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MR. JARMAS: Absolutely. And I think unless we get to that point where we increase the economic viability of, you know, baseload green power projects, and when we say baseload green power I think we're talking only nuclear. Coal doesn't satisfy it, gas doesn't satisfy it, and certainly wind and solar don't satisfy that because they are not baseload, that we as a country will need --

TREASURER KOPP: Unless there's a new storage capacity for, I mean, it's possible.

MR. JARMAS: Yes. Good technical point and an option that's currently not available. But yeah, absolutely.

TREASURER KOPP: I think it's going to create, going to require a great deal of work on the part of knowledgeable folks in the private sector to push for a good pricing mechanism before it's too late.

MR. JARMAS: Absolutely. Absolutely.

TREASURER KOPP: That was an editorial. I apologize.

LIEUTENANT GOVERNOR BROWN: No, it's very insightful. Anything else, Madam Treasurer, Mr. Comptroller? Okay. Why don't we take this item up, motion to approve made by the Comptroller --

COMPTROLLER FRANCHOT: Why don't we have the Treasurer make that.

LIEUTENANT GOVERNOR BROWN: Okay. Oh that's right, she's a big proponent of nuclear. That's right.

(Laughter)

LIEUTENANT GOVERNOR BROWN: I'll step out. Motion made by the Chair for today, seconded by the, you guys want to arm wrestle that one?

TREASURER KOPP: It would be an honor and a pleasure.

LIEUTENANT GOVERNOR BROWN: Okay, by the Treasurer. All those in favor say, "Aye."

THE BOARD: Aye.

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LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Okay. Hearing none, Item 5 on the Secretary's Agenda is approved.

And --

SECRETARY MCDONALD: Four.

TREASURER KOPP: Four.

LIEUTENANT GOVERNOR BROWN: Four? I'm a little off today. Sorry. Sorry. Okay, Item 4. Okay. Let's take up the rest of the Secretary's Agenda. Are there any other issues, or requests for information, discussion on any of the other items of the Secretary's Agenda?

TREASURER KOPP: No.

LIEUTENANT GOVERNOR BROWN: No? Okay, hearing none the Comptroller moves approval, seconded by the Treasurer. All in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: All those opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Hearing none, the Secretary's Agenda is approved. Let's move next to in order, DNR Real Property. Hold on, is that? I'm sorry. No, Madam Treasurer, Secretary, does that include the Appendix item?

SECRETARY MCDONALD: It includes the Appendix items. We also did have a request, I'm sorry, Item 17 was the African American Heritage Program.

LIEUTENANT GOVERNOR BROWN: Right.

SECRETARY MCDONALD: We have a couple of good grants there. There were some people to present some pictures. I don't know if you want to hear, or go on --

LIEUTENANT GOVERNOR BROWN: Oh, were they signed up to present?

SECRETARY MCDONALD: No, it's the item of the agency.

LIEUTENANT GOVERNOR BROWN: Okay. But I think we ought to take it anyway. I think yeah, absolutely.

SECRETARY MCDONALD: Yeah --

LIEUTENANT GOVERNOR BROWN: So we've already approved it, that's fine.

SECRETARY MCDONALD: Right. But it's Item 17 and Anne Raines is here.

LIEUTENANT GOVERNOR BROWN: Okay, they have been approved so you don't have to convince us. But certainly we want to experience the presentation.

MR. MACK: Good morning.

LIEUTENANT GOVERNOR BROWN: Good morning.

MR. MACK: I think it's still morning. I have with me today three projects that we're working on and I would like for Anne Raines, the head of this project on the other side of our partnership, she's from the Maryland Historical Trust and of course we're the Maryland African American History and Culture Program that's operating these grants programs. Anne?

MS. RAINES: Thank you for allowing us a couple of minutes. We do have some guests here from each of the projects. And I know that the Board has expressed a lot of interest in this program. So without further ado I'll ask each of our grantees to be brief in describing their projects. But first I'll introduce Herschel Johnson, who is the President of the Friends of Stanley Institute. This is quite an exciting project for the renovation of Christ Rock Methodist Episcopal Church, which is no longer an active church. It's in use as a museum. And actually if anybody wants to come out for the popcorn this building is going to have to be lifted off its foundations and I said I'd bring refreshments. So if anybody wants to see it, it's happening. So Herschel?

MR. JOHNSON: Good morning, Lieutenant Governor Brown and members of the Board. I am from Cambridge, Dorchester County. And we live in a little subcommunity called Christ Rock, where the Christ United Methodist Church was given to the members of

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the Friends of Stanley Institute, our organization. We got our name from the Friends of Stanley Institute. And in 1998 we got a bond bill to restore Stanley Institute, which is a one room school, built in 1867 and taught African American children from 1867 to 1962.

We are located on Route 16, which is now the Harriet Tubman Underground Railroad. And the church that we are restoring now was built in 1875. And it is 8.6 miles away from the Harriet Tubman Underground Railroad State Park.

This project is something that will be when it's finished we'll have two complexes, the school and then the church across the road. And we intend to have an interpretive program that will tell the story of the community and of in 1857 when 45 slaves ran away from Dorchester County, they ran away from Town Point which is just down the road from where we are located. And we intend to tell that story, where those slaves were successful to run away from

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Dorchester County. And there were one, one free woman and her son along with those 45 slaves. We hope to be, do an interpretive play about the slaves and we will be a great tourist attraction when, we hope to finished the 2013 because that's about the time that they break ground for the Harriet Tubman Underground Railroad Park.

So we are glad to be here today and hope that it will be approved. Thank you.

TREASURER KOPP: Do you have any idea, did you trace what happened to them after they left Dorchester County?

MR. JOHNSON: Yes. Most of them, the slaves when they escaped they went to Canada. And they, they left, some of them, we are in the process, some of the names that ran away were, well I'd like to give you one, Stanley. And we're trying to trace if that was related to Ezekiel Stanley, where we got the name of the school in 1867. And one thing about that school,

it was a community owned school and it has continued to be a community owned school to this day.

TREASURER KOPP: Almost 150 years.

MR. JOHNSON: Yes.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR BROWN: Thank you.

MS. RAINES: The Kunte Kinte Alex Haley Memorial is something you probably all are familiar with, and we've all seen in the newspaper how whenever there is a strong wind, or a lot of rain, or a hurricane it gets flooded and all you see is the very top of Alex Haley's head. So the next project is the Kunte Kinte - Alex Haley Memorial improvement. The foundation is represented by board chair Lisa Treadwell-Lane and board member Patsy Blackshear.

MS. BLACKSHEAR: Thank you for allowing us to testify this morning on behalf of the project that we consider very important to Annapolis, actually to Maryland, and is very near and dear to our hearts. Yes, we all have seen the devastation of the impact of

tropical storms and hurricanes like Isabel. I have a picture of the statue with the water up to its neck. But the statue grouping is only one of various components that's a part of the memorial.

The memorial includes that statue grouping that includes Alex Haley and three children but it also includes ten bronze on stone plaques that make up the story wall. You might have seen the story wall that has statements from the book *Roots* with interpretive information from a nationally known writer. It also includes a compass rose, and the compass rose has associated metal benches and an interpretive display. And finally it includes a webcam, and the webcam allows us to collect, to connect with the world through live video access.

So we're very excited about this project. And although we maintain it as best we can we are constantly seeking additional resources so we can conserve it properly. These resources, the \$36,000 that you've already approved and thank you very much,

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will allow us to clean and protect all bronze components of the memorial with hot wax treatment. It will allow us to clean, repair, and recaulk as necessary all stone components. And you can see those areas needing recaulking when you look at the story wall. It will allow us to replace our failing lighting system. The memorial looks very nice when it's lit at night. Our lighting has been failing. We want to replace that lighting system. And finally, we get emails on our website quite often when our webcam goes down. It goes down often. So it will allow us to upgrade our webcam. People access that webcam from all over the world, not just the United States.

So the blizzards of 2010, which was a century making blizzard, the tropical storms and hurricanes, the many touches and hands that interact with the statue grouping. Because interacting with the memorial and taking pictures is a favorite pastime for many visitors to Annapolis City Docks. Those

things have created a need for us to not only provide ongoing maintenance but for us to conserve this major piece of work.

Our last major conservation effort was in 2004. And with these resources we will be coordinating our effort with the Maryland Historic Trust Society as well as Nancy Kurtz, who is experienced in conserving military monuments, and Gary Schwerzter. Gary was our interpretive architect who helped us with the website design when this whole plan was laid out. So we're very pleased to have that kind of technical support. We look forward to moving ahead as quickly as we can now that you've approved it.

LIEUTENANT GOVERNOR BROWN: Thank you.

MS. BLACKSHEAR: Questions?

TREASURER KOPP: No, I would just like to point out that I think all three of the sitting members of the Board of Public Works today had the pleasure and honor of voting originally to create the

memorial. And we're certainly interested in its preservation and protection.

MS. BLACKSHEAR: We thank you for your continued support. Thank you.

LIEUTENANT GOVERNOR BROWN: Thank you.

MS. RAINES: And on behalf of the Old Pomonkey High School, the Pomonkey High School Alumni Association we have here Philip Thomas and Joseph Johnson.

MR. THOMAS: Good morning, Lieutenant Governor, Board. I apologize. I'm somewhat unprepared because my great-grandson had my attention this morning and I picked up the wrong notes. But nevertheless --

(Laughter)

MR. THOMAS: But I'd like to, I'm the President of the Pomonkey High School Alumni Association, which is located in Charles County, Maryland. And I'd like to thank the Maryland Historical Trust as well as the African American

Preservation Society for their efforts. And we appreciate the award and the grant for the restoration of the first African American high school in Charles County.

As, I do have some notes. And I'd like to make these following comments. The original Pomonkey High School was the first high school in Charles County for black students and opened in 1922. The school was later enlarged and continued in operation until 1969. The school opened its doors of education to many black students who had few opportunities for education in the rural area. Before the school opened black students had to move to Baltimore or Washington, D.C. to pursue an education.

This grant will allow for historic structure studies, architectural designs, and engineering plans to transform the old school building and grounds into a community center with a small museum for the display of artifacts and photos associated with the history of African Americans in Charles County, as well as the

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history of so-called colored schools in Southern Maryland.

I would especially like to thank Ms. Anne Raines for her direction and her support. Thank you.

LIEUTENANT GOVERNOR BROWN: Thank you. I should add that Delegate Murphy was here today in support of this --

MR. THOMAS: Yes.

LIEUTENANT GOVERNOR BROWN: -- and he did not ask to speak. But to defend it vigorously if the Board was inclined to oppose it, or to deny it. But thank you for your presentation. Any other questions or comments from the Board? Okay. Well thank you very much, and as you know it has been approved. This item has been approved. But we really do appreciate your giving us some background information on the good work that's going to be done with this grant money.

MR. THOMAS: Yes, thank you, thank you, thank you.

MR. MACK: And as you see the money is spread throughout the State. Because we started on the Eastern Shore with Dorchester County, Anne Arundel County, and Charles County.

LIEUTENANT GOVERNOR BROWN: Mm-hmm.

MR. MACK: And this is a continuing process and it is paying great dividends in the school system. Because because of this effort the history and the preservation of this history is going to be maintained through the school system.

LIEUTENANT GOVERNOR BROWN: Thank you.

TREASURER KOPP: Thank you for your hard work.

LIEUTENANT GOVERNOR BROWN: Okay. Let's call the Department of Natural Resources Real Property Agenda.

MS. WARD: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. Lisa Ward for DNR. If I could have your attention for just about 30 seconds to share some very good news with

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you? Yesterday DNR was advised that we had been awarded a \$1 million grant from the U.S. Fish and Wildlife Service. The grant is to improve water quality and wildlife around the Choptank. Not only is it good news for us, but we are able to use the recently approved Point Pleasant easement as State match for the federal grant.

Today we have two items for your approval.

LIEUTENANT GOVERNOR BROWN: That's good news.

MS. WARD: It's very good.

LIEUTENANT GOVERNOR BROWN: Both the fact that we got that award and that there are only two items.

(Laughter)

LIEUTENANT GOVERNOR BROWN: Any questions or comments on DNR Real Property Agenda?

TREASURER KOPP: I trust the public will see news about the award?

MS. WARD: Yeah, actually it was in the *Sun* paper this morning.

TREASURER KOPP: Yeah, good.

LIEUTENANT GOVERNOR BROWN: Okay. The Treasurer moves approval, seconded by the Comptroller. All those in favor say, "Aye."

MS. WARD: Thank you.

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: None. DNRRP approved. Thank you. And now we're going to, we're going to DBM, is that right?

SECRETARY MCDONALD: Right.

LIEUTENANT GOVERNOR BROWN: Okay. Madam Secretary?

MS. FOSTER: Good morning, members of the Board. There are seven items on the Department of Budget and Management's Agenda for today and I'll be happy to answer any questions.

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LIEUTENANT GOVERNOR BROWN: Do you have a walk on? Or what do they call it?

MS. FOSTER: I'm going to find out right now.

LIEUTENANT GOVERNOR BROWN: Is it walk off in baseball, is it walk on in the Board of Public Works? What do you call it, a hand carry?

MS. FOSTER: A hand carry.

LIEUTENANT GOVERNOR BROWN: Okay. So is that before us?

MS. FOSTER: No.

LIEUTENANT GOVERNOR BROWN: No? I thought with the lengthy sort of presentations we had that you would have been here by now. Do you think you'll be here before we're done.

MS. FOSTER: No.

LIEUTENANT GOVERNOR BROWN: Okay. Do we need to talk about that item?

MS. FOSTER: No.

LIEUTENANT GOVERNOR BROWN: No? Okay,
great. So DBM --

MS. FOSTER: So we have seven items. I'll
be happy to answer any questions that you may have.

TREASURER KOPP: I --

LIEUTENANT GOVERNOR BROWN: Yeah, I mean we.

TREASURER KOPP: Yeah, I think there's a
question about Item 1, actually.

LIEUTENANT GOVERNOR BROWN: Yeah, mm-hmm.

MS. FOSTER: Okay. Item 1 is a contract to
provide professional communication and related
services to raise awareness and educate the public
about the ICC. Beverly Hill, who is Director of
Procurement from MTA is here to answer any questions
that you may have.

TREASURER KOPP: Could you --

MS. HILL: Good morning. I'm Beverly Hill,
Director of Procurement, Statutory Programs and
Compliance for the Maryland Transportation Authority

as introduced, and I'll be happy to answer any questions.

TREASURER KOPP: Yeah. Could you just sort of describe what the function is, what will be done with this contract? First of all why it's needed and what the company will do? And secondly the question of why it was so important that the technical outweigh the financial in the award.

MS. HILL: Yes. We used this contract to do several things. You know, public information obviously is very important in the transportation industry. And we have routine issues where we have, it's important that we communicate to the public issues regarding our roadways. But in addition to that this, as you know we just opened the ICC which is a new facility and it's the first new facility we have opened in quite a while. We have projects up on I-95. So in addition to the normal day to day operations, things like Chesapeake Bay congestion, Chesapeake Bay Bridge congestion and all of those things, we also

have issues that come before us now requiring very timely or instant response and advice to the public. Public safety issues in addition to, as I stated before, the new markets involved with the ICC in areas that we've not had tolling before, Prince George's and Montgomery County.

So this time it was important for us to find a contractor that not only could assist us in our normal day to day operation but also could help us prepare for emerging issues that we have not had before. This company, which is a minority owned company, is very experienced in not only the transportation industry but also in the tolling industry which has unique needs other than, different from other transportation --

TREASURER KOPP: So, so, just what will it be doing regarding the tolls on the ICC?

MS. HILL: It provides public, in relationship to the ICC, it provides normal public

information, how to use the system, which we have not done before in those areas --

TREASURER KOPP: So press stories? I mean, what exactly does it do?

MS. HILL: The contract itself?

TREASURER KOPP: The contract and the contractor, what will it actually be doing?

MS. HILL: The marketing campaigns that I think you've probably heard about the ICC, that's what this contract will do. In addition to that because this is all electronic people have not used it before. We anticipate that there will be a need for instant information. Like if something happens on that roadway, you know the Washington area is extremely congested as far as traffic. It is necessary for us, we anticipate it being necessary to get instant information out there, knowing what markets we need to advertise in, how to get the information out, how to get customers to understand how to best use the roadway.

TREASURER KOPP: So how will they do that?

MS. HILL: They will use marketing campaigns, the creative concepts. They will do designs and help develop marketing campaigns. And then they will find, identify the right media markets and then they will --

TREASURER KOPP: So if there is an emergency and you want them, they will get the word out about the emergency? Is that what you're saying?

MS. HILL: Yes. They will help us get, they will help us get the word out as far as emergencies. They will --

TREASURER KOPP: By calling radio stations? Or by, what exactly will --

MS. HILL: Well the thing about this contract, and most of our --

TREASURER KOPP: Or another example. It doesn't have to be just an example, just tell me what this company is going to be doing. Because what people are saying is that they are going to advertise

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the fact that there is a Bay Bridge and who needs that advertising? So what I would like to know is what exactly in fact will they be doing?

MS. HILL: Well one of the things that they will be doing is helping us to address issues that we have not anticipated. And I'll go back to the ICC. Not that it is something different than a toll operation but because we've not opened, we have not, we have not had a new facility in quite a while.

TREASURER KOPP: Right.

MS. HILL: So the questions and the response that the public is asking, would ask for, is different than what we have had in the past. People are used to the, you know, the tunnels and the bridges. This is something new. They have the ability to help us not only identify the market but also to, how best to respond to it.

LIEUTENANT GOVERNOR BROWN: So, okay I have a question or two. So --

TREASURER KOPP: Or Bay safety and traffic management, what that means?

MS. SWAIM-STALEY: Beverley Swaim-Staley, if I can help. Unfortunately I think Beverly has the disadvantage of not being in practice with the marketing, you know, as she's the procurement officer. But for example I know we'll be doing the same kinds of things that we do every year with regard to Bay Bridge but also particularly with the ICC. So for example when the Memorial Day, when the summer season begins you hear a lot of extra advertisements around the Bay Bridge regarding best times to travel and those kinds of marketing campaigns to help people, you know, to help people make options. I mean whether perhaps going north of Baltimore, south, the times most frequent, best times to use, those kinds of things. That's just one example of the kinds of things that these marketing firms do. And so in this case I think one of the priorities here was not just our regular facilities but for the ICC, to do the same

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kinds of things. Because the ICC is a very new roadway. It's identifying the media market, helping actually develop the media campaigns, you know, writing the campaigns, distributing, those types of things.

TREASURER KOPP: But about specific, not simply there is an ICC --

MS. SWAIM-STALEY: No, no, no --

TREASURER KOPP: -- although the ICC is new, I understand, that here's how it operates, and everything?

MS. SWAIM-STALEY: Promoting, but also yes, you know, helping people understand how to use it, the fact that we don't have, it's all electronic so you need to get an E-ZPass, those kinds of things. So it's a different type of facility.

TREASURER KOPP: All right, thank you --

LIEUTENANT GOVERNOR BROWN: So I have some questions, I have some questions about financial factors versus technical factors. And, you know, I

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see at Pinnacle Communications, their price came in at 50 percent less than the proposed awardee, Pulsar Advertising. What are the technical factors in what just appears to be, not to be a fairly, I mean a highly technical or complicated, sophisticated service or requirement here? Can you just kind of sort of convince me that we should pay 50 percent more because Pulsar is so technical competent and superior?

MS. HILL: Well there were six evaluation factors, including economic benefit. Pulsar provided a superior proposal. As far as experience, they had more experience. They had specific experience in the tolling industry. Their staff had more experience. They also provided more assets. They can pull from another office, which the other companies did not have the same level of assets. They came very prepared and presented a marketing campaign in their proposal. They were prepared to respond to the public awareness campaigns that we currently have as well as proposals for innovative ideas for the future.

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LIEUTENANT GOVERNOR BROWN: So do we just, do we need the Steinway versus the Baldwin here?

(Laughter)

LIEUTENANT GOVERNOR BROWN: Why is everyone laughing? I, I only read about it, I wasn't here.

(Laughter)

MS. HILL: When it comes to the, when it comes to the normal day to day operations, a lot of companies can do this kind of work. But when we have a major incident, things that have not happened before, it is important, more important that we think, because we asked a lot of questions. It's more important than we think to have a company that really knows how to respond, especially when it comes to public safety as well as the day to day issues, the Bay Bridge's traffic, and all of those things. This company really did demonstrate a superior level of preparedness to respond to any type of situation that we could anticipate.

I also have, we also have a representative of the company if you have any additional questions of the company.

LIEUTENANT GOVERNOR BROWN: Before that let me just ask, I mean, is there an incumbent? Not for the ICC but for this service on other facilities? Is there an incumbent?

MS. HILL: The incumbent is no longer in business, the company that previously held this contract.

LIEUTENANT GOVERNOR BROWN: And is that why we're going out? Or because that company is no longer in business, or because the term would have expired anyway on that?

MS. HILL: The term was expired anyway.

LIEUTENANT GOVERNOR BROWN: And are, do --

TREASURER KOPP: Then what have they been doing for the past year?

LIEUTENANT GOVERNOR BROWN: Yeah, okay that, a few questions. What have we been doing for the, you

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know, last few months, or however long the incumbent has not been around, or doing business? And then the other question is do any of the, where am I, do any of the other offerors have experience in Maryland?

MS. HILL: They have experience, they don't have a level of experience that this company demonstrated. The other --

LIEUTENANT GOVERNOR BROWN: In Maryland, I mean?

MS. HILL: Yes. Some of the other companies did have experience in Maryland. In fact, some of, yes they had experience.

LIEUTENANT GOVERNOR BROWN: And does Pulsar, has experience in Maryland?

MS. HILL: Yes.

LIEUTENANT GOVERNOR BROWN: For MdTA?

MS. HILL: We have not used Pulsar before but the other agencies have used them.

LIEUTENANT GOVERNOR BROWN: Okay. Does anybody else have any other questions?

COMPTROLLER FRANCHOT: Yes. No, I share some of the, I think the Lieutenant Governor and the Treasurer are bringing up. It's a four-year, \$2.3 million contract to Pulsar. And I don't know Pulsar, other than that they're located in D.C. And I am sure they are a good company. But my concern is that they are not only the high bidder, they are the high bidder of five firms that competed for the contract. And we're going to bypass three successful Maryland based firms that submitted considerably lower bids than Pulsar. So I guess my question is, it's not particularly convincing to me so far, but how do you justify giving taxpayer dollars to a D.C. based firm when Integrated Designs out of Glen Burnie would do the work for 12.7 percent less? When Siquis, if I'm pronouncing that right, of Baltimore is coming in 22.3 percent under the winning bid? Or when Pinnacle Communications, as the Lieutenant Governor cited, submitted a bid that is 33 percent lower than Pulsar?

You know, that strikes me as kind of two
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strikes against this. One, we're not taking advantage of the best deal on the market, which is the point of our competitive bid process. But we're also missing an opportunity to provide Maryland based companies with work that will create jobs and economic activity right here in Maryland. Can you comment again? This really goes to this question of technical versus financial, I guess. But I notice in your revised presentation to us you now are saying the technical outweighs the financial and before it was technical is equal with financial? This thing that we just received?

But anyway, how do you justify that to the Maryland taxpayers? That, particularly when they read in the *Post* all the time about Maryland companies being rejected by D.C. for, you know, Maryland companies that are low bidders? Good Maryland companies with good Maryland citizens? And instead we end up with this thing where a very high bid from an out of state company is given the contract.

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MS. SWAIM-STALEY: Well I would ask Beverly to address why this particular firm was the best in terms, obviously the selection committee couldn't take into consideration where the firms were from.

LIEUTENANT GOVERNOR BROWN: Right.

MS. SWAIM-STALEY: You know, legally. But, so I can't, couldn't really go there. But with regard to why that particular firm was deemed to be so much better I'd have to defer back to Ms. Hill.

COMPTROLLER FRANCHOT: Yeah, what, what, I mean that's really what the Treasurer was getting at. What is it that this company does as far as its press releases and its I guess response to you that is significantly better than for example Integrated Designs. And Integrated Designs as a long distinguished track record of working with both you and the State Highway Administration on a broad range of public outreach campaigns. The company has received several awards for the quality of its work.

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On the company's website it says Wendy Emrich and her staff have always provided timely, professional, attractive, and reasonably priced services and have done so with a true mutual spirit of cooperation. That quote was from Richard Solli, Director of Marketing for the MTA. And I'm not that familiar with Siquis. I just don't recognize them. But, you know, on their website they have a long list of private and public sector clients in Maryland. Maryland General Hospital, University of Maryland Athletic Department. Pinnacle includes, their clients are Johns Hopkins and others. I mean, marketing services are important, I agree. But why are the technical considerations so heavily weighted here over financial, I guess?

MS. HILL: There, we asked some of the same questions. Procurement people respond to requests within the organization. Again, the subject matter experts or the communications office that requested this contract provided several examples of why it was important to have experienced marketing and

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communications firms that could respond to transportation needs.

TREASURER KOPP: Is there anyone from the operating section who can --

MS. SWAIM-STALEY: Given all the questions and concerns, if it pleases the Board I would, as the Authority Chairman, be willing to pull this item until we address --

LIEUTENANT GOVERNOR BROWN: I think that makes sense.

MS. SWAIM-STALEY: I was not aware when my briefing yesterday that we had these, and unfortunately I was not at the Authority meeting because of my injury. But I would be happy to meet with you to go back, look at this. We'll come back and meet with you all because obviously there's a number of issues.

LIEUTENANT GOVERNOR BROWN: Right, thank you, Madam Secretary. I would appreciate that.

MS. SWAIM-STALEY: Thank you.

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LIEUTENANT GOVERNOR BROWN: Thank you.

Okay. Still on DBM, any questions or, you know, discussion on any of the other items on DBM's Agenda?

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR BROWN: Okay, hearing none the Comptroller moves approval, seconded by the Treasurer. All those in favor, minus Item 1, say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Hearing none, DBM minus Item 1 is approved. USM.

MR. STIRLING: Good afternoon, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. Jim Stirling for the University System of Maryland. We have one item on today's Agenda and I'll be happy to address any questions.

COMPTROLLER FRANCHOT: I have an item.

LIEUTENANT GOVERNOR BROWN: Yes --

COMPTROLLER FRANCHOT: Thank you. Thank you, Governor Brown. So we're being asked in Item 1-RP to approve a request from the University of Maryland College Park to allow the demolition of the President's residence to proceed. I guess my first question is just procedural. Ms. McDonald, what is it that we're being asked to approve here?

SECRETARY MCDONALD: The change in the use of the property. The substantial change in the use of the property. Under Department of Planning regulations, it stems from the Board's authority to review and approve the transfer of any property. And since this is a demolition of that property it traditionally comes to the Board.

COMPTROLLER FRANCHOT: Okay. And there's a, so there's a contract, there's a contract that we're approving?

SECRETARY MCDONALD: Actually, there is no contract. This is simply the permission to demolish

it. And I believe that the construction contractor is all being done by the foundation --

MR. STIRLING: That's correct.

SECRETARY MCDONALD: -- that the Board of Public Works does not have, I mean they are doing it on their own. That will not come to the Board. The only thing here, it's nothing to do with the new project or the new home. It's to do with the demolition of the old home. And I understand that the old building, the new building is not going on top of the footprint.

MR. STIRLING: It's nearby.

SECRETARY MCDONALD: It's nearby so it actually is a separate part of the whole.

TREASURER KOPP: Did the State build this building?

MR. STIRLING: I, you know let me ask our Vice President for Facilities Management to address that. I'm not sure what the history was. It was built back in the fifties. Mr. Carlo Colella.

MR. COLELLA: Good afternoon, members of the Board. The building, the existing building was built in 1956 and I'm not certain if it was built by State dollars or not.

TREASURER KOPP: So is it just --

MR. COLELLA: It is a State property. How it was constructed and funded in 1956, I don't have the answer to that.

COMPTROLLER FRANCHOT: Okay. Okay. Well this is, thank you, Madam Treasurer for asking that. Obviously George Washington didn't sleep in this building.

(Laughter)

MR. STIRLING: No. In fact the Maryland Historic Trust had no action recommended on this.

COMPTROLLER FRANCHOT: Okay. And you're not, they're not in the process of demolishing the building as we speak, I take it?

MR. STIRLING: No.

COMPTROLLER FRANCHOT: Okay. So we're being asked to approve the demolition, and I appreciate you coming here because I take it the new building that you're planning, is that under construction already?

MR. STIRLING: There is some start up work. I can have Brodie Remington, our President of the College Park Foundation, come up and talk to that project. We're not handling the contract, the Foundation is.

COMPTROLLER FRANCHOT: Okay, and that's not coming before us. But I guess since we do have the demolition before us this quote that the house is no longer suitable for functioning as both a residence and as a venue for important events hosted by the President. And it goes on to state that the current residence does not meet life safety codes. Can someone comment on the, or elaborate on what the issues are that have apparently rendered the current resident uninhabitable?

MR. STIRLING: Sure. I'm going to ask Mr. Colella come up again.

COMPTROLLER FRANCHOT: I think the key word is uninhabitable. Many of us have been over to this home. It's like, it's a beautiful home. Or at least it always looked beautiful when I went in it. It was somewhat Monticello like. I'm thinking of the home that's on top of the hill, with the long driveway going up.

MR. COLELLA: That's the home. It's a colonial style home, again, built in 1956. I think the condition is a testament to our ongoing maintenance efforts to keep it functional through that period of time. The, in terms of code, no longer meeting code, what that refers to is in current building codes the, for example the facility is not handicapped accessible fully, as will the new facility be. Similarly there are asbestos materials within the building itself. The building is not sprinklered or have sort of current, would not meet current codes if

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it were newly constructed. So the condition of the facility and it's sort of obsolete.

In the 1950s it served fine I'd say as a residence. The event space is converted garage, actually. So it doesn't function very well for a modern day President to host the events that is part of today's job as a University President.

COMPTROLLER FRANCHOT: Okay. So the house is 55 years old. I live in a house that's 115 years old. And a lot of people probably have homes that are older than 55 years old. I guess the question I have is how did you let the maintenance and upkeep of the house get in the kind of condition where you are suggesting that we instead of renovating it, or doing things that all of us do in our homes, why are we demolishing it?

MR. COLELLA: When we went forward with the foundation seeking proposers to evaluate either the renovation and addition or the replacement of the facility, all of the finalists, there were five

proposers who came forward. And each of the five proposers felt it was, trying to build upon the existing residence was not economically warranted and would limit the ability of the facility to serve its function. So the condition of the facility itself, it was habitable obviously for a long period of time. But in terms of creating the kind of space and hosting the kinds of functions that are, that occur regularly, it really wasn't functional for that perspective.

COMPTROLLER FRANCHOT: Okay. So the house is being demolished in order to create a place to hold functions, and then we're going to build a new house?

MR. COLELLA: It's a dual function facility. So the entire facility, the new facility is about 14,000 square feet, of which about 4,000 square feet is the private residential quarters. The remainder of the facility is event space and public hosting space.

COMPTROLLER FRANCHOT: Okay. Well I appreciate that. But I think it, for me it's emblematic of just a, I think it's a disposable

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culture we live in where, I mean, we need to do something slightly different and so we're going to throw this out and do the different thing and then rebuild the original place. And I'm aware that you're using foundation money. But doesn't the foundation exist to advance the core mission of College Park?

MR. COLELLA: It does. And I could invite the foundation President to speak to that point, if you like.

COMPTROLLER FRANCHOT: Well the question I have, I, the Lieutenant Governor brought up the Steinway pianos at Bowie State that I think correctly raised my hand. I'll ask the same question here. Is this the most timely and best use of your institutional dollars?

TREASURER KOPP: It's not the institutional dollars.

MR. COLELLA: As I say, it's the foundation. And I think that question would be better addressed by the foundation President.

COMPTROLLER FRANCHOT: Okay.

MR. COLELLA: Brodie is here.

MR. REMINGTON: Good afternoon. Brodie Remington, President of the University of Maryland College Park Foundation. Members of the Board of Public Works, the foundation board of trustees looked at the current residence very rigorously and engaged architects and engineers. And as Carlo Colella indicated determined that it would be just as expensive to renovate and expand the current residence and still result in a much less functional and efficient space. And so it was determined to start from scratch and build a new facility that could meet the hosting and event needs of the University and a succession of presidents' residential space.

We believe, the board of trustees of the foundation believes, that this will have a considerable return on investment for what the foundation funds are put into this project will result

in substantial increased fundraising and other benefits for the University.

COMPTROLLER FRANCHOT: Okay. What is the cost of the project?

MR. REMINGTON: \$7.2 million.

COMPTROLLER FRANCHOT: Okay. And didn't I read recently that College Park is planning to eliminate several Division I sports?

MR. REMINGTON: That is correct.

COMPTROLLER FRANCHOT: We're going to build, we're going to pay, you, your foundation, are going to pay \$7.2 million for a new mansion and --

MR. REMINGTON: Alumni and friends of the University are giving to the foundation to support this particular project with the belief that it will bring in over many years in a continuing way new gifts and support for the University, including the Division of Athletics.

COMPTROLLER FRANCHOT: Okay. So you view this mansion as a higher priority, I take it, or it wouldn't be before us today --

MR. REMINGTON: While we are also working with alumni to raise funds currently for athletics in support of the teams that are scheduled to be eliminated. So we don't view this as competition. Alumni and friends tend to support particular projects and programs that they identify with most closely. And we are asking people to step forward for athletics as we are also asking other people to step forward for University House.

COMPTROLLER FRANCHOT: So this is a campaign that you initiated to raise \$7.2 million for the mansion, to get a new mansion?

MR. REMINGTON: What we're calling University House, which has event space --

COMPTROLLER FRANCHOT: The University --

MR. REMINGTON: -- as well as residential space, yes sir.

COMPTROLLER FRANCHOT: So you have the appreciate the, I guess it's the contrast with, you know, all of the things going on. Your college education costs are going higher. The University is obviously out trying to save every penny it can. And yet we have an item before us to tear down a perfectly nice building. I've been in it several times and it's clearly habitable. And yet it's being demolished. And I just don't see the way in which you justify that to either your constituents or frankly our constituents who are interested in it from a, obviously have a major stake in the flagship campus.

MR. REMINGTON: If I may respond with two points?

COMPTROLLER FRANCHOT: Please.

MR. REMINGTON: One is reiterating that we are convinced that there will be a substantial return on investment, more gifts, more support of various kinds for the benefit of all the University of Maryland College Park. And I should wish to point out

that Patsy Mote, the wife of the recently retired Dan Mote, President Dan Mote, did a wonderful job over 12 years of camouflaging all of the flaws in the house. Every time we had an event for more than 50 people we needed to use tents, and that's very expensive for purposes of the events and entertaining.

TREASURER KOPP: Can I just interrupt to say that I believe that Debbie Toll some administrations before that also went through the same thing.

MR. REMINGTON: Yes, back to 1956, I'm sure.

TREASURER KOPP: Well not quite 1956.

COMPTROLLER FRANCHOT: So in order to avoid tents we're going to demolish the mansion and build a new mansion with I take it some kind of facility. It's, maybe it's the timing, maybe it's the bad economy, maybe it's the Steinway thing that got me ginned up a while ago, but this just strikes me as really an unfortunate project given the climate. I mean, this is a 55-year-old mansion that, it's a beautiful building. Maybe you had to bring a tent in

a couple of times a year for an event. But it's not a, if I could, it just doesn't strike me as a paramount priority. And so I'm going to vote against it. But I'm sure while I'm voting against I guess the wrecking ball is out there poised. But I would urge you to reconsider this because it doesn't look good.

LIEUTENANT GOVERNOR BROWN: Okay. Let me say that, you know, I am, you know, perhaps pleased that these are not public monies that are coming out of the Governor's budget, or that the General Assembly is putting into the budget. That certainly changes the equation for me.

TREASURER KOPP: Or tuition.

LIEUTENANT GOVERNOR BROWN: Or tuition. I fully appreciate that alumni that give to the college often express particular uses that they want to put to the money. Most of them I would agree with. There's a handful that I wouldn't agree with, but it's their money. I also appreciate what the foundation does to support the institution and that this is viewed as an

investment with return that might someday subsidized some of the programs that are being eliminated. I appreciate that as well.

Look, just recently Kiplinger ranked College Park again among the top ten public colleges for best value. That's attributable to the work of the administration, the faculty, the students, and the foundation. You guys are doing some good work. You make great decisions. Not all of them are the best, but certainly because of those factors I'm supportive of this one here. So I don't know, Treasurer, do you have anything?

TREASURER KOPP: I think this is a move that was long needed, and was acknowledged by just about everybody who had to work with that building. I haven't seen the plans for the new building that the foundation is going to build, but I believe that it will be much more workable and a very good investment.

LIEUTENANT GOVERNOR BROWN: Any other, anything on this item? We should take this, oh is it, how many items do you have?

SECRETARY MCDONALD: It's just the one --

LIEUTENANT GOVERNOR BROWN: You only have one item? Okay.

TREASURER KOPP: Oh, and congratulations to the University on its recognition in Kiplinger's.

MR. REMINGTON: We're very proud of that.

LIEUTENANT GOVERNOR BROWN: Joined by a few other members of the campuses. Yeah. Okay --

COMPTROLLER FRANCHOT: Anyone want to defer this for a couple of weeks -- no, only kidding. I'm happy to move forward and vote no.

LIEUTENANT GOVERNOR BROWN: Okay. So the Treasurer moves approval, seconded by the Lieutenant Governor. All those in favor say, "Aye." Aye.

TREASURER KOPP: Aye.

LIEUTENANT GOVERNOR BROWN: All those opposed?

COMPTROLLER FRANCHOT: No.

LIEUTENANT GOVERNOR BROWN: The Comptroller,
so that is approved.

MR. STIRLING: Thank you.

LIEUTENANT GOVERNOR BROWN: Okay. Let's
move on to the Department of Information Technology.

MR. SCHLANGER: It's a little warm up here.
Good afternoon, Governor, Madam Treasurer, Mr.
Comptroller. Elliot Schlanger, Department of
Information Technology. I have one, and only one,
item on the Agenda this afternoon and I'll be happy to
answer any questions at this time.

LIEUTENANT GOVERNOR BROWN: Okay. Any of
the members have any comments or questions on this
item?

COMPTROLLER FRANCHOT: No, move approval.

LIEUTENANT GOVERNOR BROWN: Okay. Seeing
none, the Comptroller moves approval, seconded by the
Treasurer. All those in favor say, "Aye."

THE BOARD: Aye.

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LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: None.

MR. SCHLANGER: Thank you.

LIEUTENANT GOVERNOR BROWN: Your Agenda is approved. Congratulations. And the last Agenda for today, Department of General Services.

MR. COLLINS: Good afternoon, Mr. Lieutenant Governor, Madam Treasurer, Comptroller. Al Collins, Secretary of Department of General Services. We have eight items on our Agenda and we'll be glad to answer any questions you have on any of these items.

COMPTROLLER FRANCHOT: I had a quick question, on Item 5 and 6.

MR. COLLINS: Yes, sir.

COMPTROLLER FRANCHOT: You are requesting approval to declare surplus properties in Frederick and apparently you are going to offer them for sale. What's curious is that the description is that the units are in great disrepair and have been vacant for

the last seven years. What exactly is the reason why they sat vacant for seven years and were allowed to deteriorate?

MR. COLLINS: These are, thank you Mr. Comptroller, these two items are related to the programs of the Department of Health and Human Services. These were former houses, group homes, that they used. Because of the change in the program some years ago these homes were no longer in use for programs and they were just allowed to sit just because there was no money to be put into them, and there was no money, at that particular time there was no interest in anyone wanting to sell them. We now have the interest of prospective purchasers and that's why we are asking you to declare these surplus.

COMPTROLLER FRANCHOT: Okay. And do you have something in place that would allow us to intervene earlier with unneeded projects, or unneeded properties, so that we are not, I take it if we had sold it seven years ago we would have done better as

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far as the, or perhaps we could have done better, as far as the price. And you know what I'm driving at.

MR. COLLINS: Of course, yes.

COMPTROLLER FRANCHOT: Are we, do we have some way to monitor what is vacant and deteriorating and you step in regardless of who the agency is?

MR. COLLINS: We work, and certainly the representatives of DHMH is here, Deputy Secretary --

COMPTROLLER FRANCHOT: Oh, Mr. Kim is here? Deputy Secretary, great, I didn't see you back there. Why did these sit vacant for seven years?

MR. KIM: Good afternoon. As Secretary Collins had mentioned is that when these homes were shut down whereby the provider did move to another area within Frederick is that the homes then were then recommended to be surplussed, under which case the Department of General Services goes out and seeks potential buyers. And it has taken quite a number of years to identify that buyer. There have been a couple of appraisal processes that have taken place

within the last six years. With the most recent appraisal of the property, that is when, that is what triggered the interest of the buyer.

TREASURER KOPP: Because the price went down?

MR. KIM: That would be correct.

COMPTROLLER FRANCHOT: Funny thing.

MR. KIM: The housing market in Frederick is, I'm not a real estate expert, but it has been difficult. There is a property for sale that is adjacent to this property that has been on the market as well which has provided the competition within the market.

MR. COLLINS: Let me ask my real estate, also. Wendy, please?

COMPTROLLER FRANCHOT: Oh, good.

MS. NAPIER: Good morning, Wendy Napier, Chief of Land Acquisition and Disposal. I actually received some new information this morning. We've been working with these properties for so long. I

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learned that on 13 W. Third Street there were some boundary survey issues. We could not complete the disposal process without having survey work done. And survey work was done in 2007, and additional work done in '09. So it really wasn't truly until '09 that we had a correct legal description for the property and could proceed at that point. So we did proceed and order appraisals and we've been fortunate enough to find folks that are willing to purchase the property now.

On 127 E. Patrick, in 2006 we were working with the then provider who was using the facility, trying to negotiate a contract and that fell through. Then in 2008 the property was vacated and we've been working and we have actually ordered appraisals on that property three separate times and each time we've been unsuccessful in finding a purchaser of the property. We got caught with the 2008 downturn and were just kind of working as the market was lowering. So we're at a point now where we have appraisals that

have been approved by our office and we've fortunately been able to find purchasers. So we're working --

COMPTROLLER FRANCHOT: What are those, what are those prices?

MS. NAPIER: They, we will be bringing that item back at the next Agenda. I apologize, I don't have that with me today. But we are working through the contracts now. But they were purchase prices that were in agreement with our recommended appraised values. But I'll share that --

COMPTROLLER FRANCHOT: Okay, well we'll take a look at that when they come. And you know, my concern is that the price drops not just because of the market but because the houses are not maintained.

MS. NAPIER: And they have been broken into several times --

COMPTROLLER FRANCHOT: Yeah, but these are -
-

MS. NAPIER: -- so that's added to, vandalism has added to their decline as well.

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LIEUTENANT GOVERNOR BROWN: So I think the question is --

COMPTROLLER FRANCHOT: Yeah, that's exactly my point.

LIEUTENANT GOVERNOR BROWN: The question that's raised, the larger question for me at least is when the State vacates facilities, really any facility whether it's used for residential or used for any other infrastructure support does MDOT or DGS, depending on where the facility, you know, resides, do you kind of a cost benefit analysis of, you know, what is it going to take to maintain it in a minimal state of repair for a period of time that we anticipate will take to dispose of the property? Or do we when we make decisions either because of program or budget to walk away from a facility, we just walk away from it. Like banks often do, right? Something goes into foreclosure and banks just walk away from it. They're not in the business of maintaining their properties.

Is that true for us as well? Or do we try to maintain our facilities until we dispose of them?

MS. NAPIER: I can share that it's really on a per agency basis. I'm working closely with the Military Department right now in disposing of several armories through the State. And the Military is being very proactive in that we're actually projecting when these installations will be closed and therefore surplus, and we're reaching out to local governments to explore options. The local governments have the right of first refusal on the armories. So with Military we've got a great system in place to make sure things aren't deteriorating. Not to slight other agencies, but with a lot of the other agencies there are many factors that go into when a building or a facility is disposed of.

LIEUTENANT GOVERNOR BROWN: Right.

MS. NAPIER: So we really need to explore with those agencies the criteria that you are suggesting.

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I do get calls at times on facilities that are vacant, and I call agencies to say, you know, this local government has inquired about this vacant facility, are you ready to dispose of it? And I'm told at times the administration has not made that decision yet. So it's really on a per agency basis. But it's definitely something I'm sure our agency would be happy to explore and work more closely so we don't have these problems in the future.

TREASURER KOPP: I think the Comptroller and Governor raise excellent points. I mean, has the City of Frederick not been concerned about these derelict buildings?

MS. NAPIER: We, my office has not received any communication, I guess other than the neighbor, the neighboring property owners who have notified us when things have occurred. We, since they've been under our purview, so to speak, for the disposal process we have --

TREASURER KOPP: So we've been an absentee landlord that hasn't taken care of the building or disposed of it.

MS. NAPIER: Well the, not truly absentee but you're right in the fact that no one is there on a day to day basis.

MR. COLLINS: Yes, right. On a day to day, the agencies try to do the minimum because you've got to take operating funds and you've got to figure out what your priorities are.

TREASURER KOPP: Right. Sure.

MR. COLLINS: So we do a minimum, usually around security, exterior items --

TREASURER KOPP: So who gets the money when this is sold?

MR. COLLINS: I'm sorry?

TREASURER KOPP: Who gets the money when this is sold?

MS. NAPIER: We're going to confirm with DHMH where the monies will be returned to. I know it

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depends on which funds were used to purchase, and sometimes those funds are returned. We can share that when we come back with the item to dispose of the properties. But typically it will go back.

TREASURER KOPP: I would like to hear about that. Sometime some years ago we tried to create a program with DDA that would benefit them and help them move people out of large facilities into the community so that they actually got some financial benefit and the money could follow the individuals out. I don't know if there's anything like that beyond DDA, I don't know if it's still working with DDA. But I do know that the agencies have a large number of unmet priorities and probably property transactions are not at the top. I don't blame them one bit.

MR. COLLINS: That's correct.

TREASURER KOPP: But they are to the State's bottom line and there's got to be a way of dealing with it.

LIEUTENANT GOVERNOR BROWN: Can you, you know I'm willing to hear, I mean I think what would make sense, particularly for DGS because it seems to me that at some point the department sends it to you for disposition.

MR. COLLINS: That's correct.

LIEUTENANT GOVERNOR BROWN: And I've got to assume you've got an inventory of those properties. And if you can just give us some basic information to the members of the Board about, you know, property, you know, describe, you know, the properties. You know, residence, 37 W. Third Street, Frederick, how long it's been vacant, how much money if any money we've been putting into --

MR. COLLINS: Right.

LIEUTENANT GOVERNOR BROWN: -- maintaining it. And many of them I'm sure will say zero. It is what it is.

MR. COLLINS: Sure.

LIEUTENANT GOVERNOR BROWN: And what the maybe anticipated disposition date is, or some note field saying, you know, given the --

MR. COLLINS: Actually the State requires that the properties go into the Clearinghouse process, which is prescribed by the Legislature, which is the Department of Planning. At that point the Department of Planning then advertises these projects, either to local governments or to State agencies, and certainly to the local market. At which point if there are no takers then it goes into the surplus process which we bring here. But I'd be glad to take a look at what we have in the Clearinghouse process and get you, certainly get you --

TREASURER KOPP: And how much is waiting there that hasn't been moved to the Clearinghouse process?

MR. COLLINS: That's, I don't have an answer to that.

TREASURER KOPP: That are sitting on the books.

MR. COLLINS: There are properties sitting on agencies' books --

LIEUTENANT GOVERNOR BROWN: Do you have visibility on that?

MR. COLLINS: -- that even I don't know about because --

LIEUTENANT GOVERNOR BROWN: You don't have visibility on that?

MR. COLLINS: No.

COMPTROLLER FRANCHOT: Well I --

MR. COLLINS: But we do, we know just, I mean just, we do have a certain number of large projects, such as a number of the old State hospitals, that are closed.

TREASURER KOPP: Oh yeah, and these little houses.

MR. COLLINS: Yeah, and these little houses that were used that have not been, that have not moved.

LIEUTENANT GOVERNOR BROWN: Yeah.

COMPTROLLER FRANCHOT: Not to get personal but --

MR. COLLINS: Sure.

COMPTROLLER FRANCHOT: -- we have a place that's basically abandoned. And the citizens have been just furious over this. Because when a house is allowed to deteriorate the appraisals go down --

MR. COLLINS: Sure.

COMPTROLLER FRANCHOT: -- so we get less money. And but everybody's property value goes down.

MR. COLLINS: -- Mr. Comptroller.

COMPTROLLER FRANCHOT: And that turned out to be a situation that's been corrected. But you would have thought, I mean, talk about Tilghman Island's beach, people were, you know, it's bad. And so I applaud the Treasurer, and the Lieutenant

Governor. And I think if we are owning properties that are decrepit and deteriorating, and look like they are about to go up in flames or a fire or something, we should take action. And --

LIEUTENANT GOVERNOR BROWN: We owe it to, we owe it to the communities.

COMPTROLLER FRANCHOT: No, we shouldn't burn them. No. At least not the one near my house --

LIEUTENANT GOVERNOR BROWN: Okay. Any other comments or questions on DGS' Agenda? Hearing none, the Treasurer moves approval, seconded by the Comptroller. All those in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: None. Move for, the Agenda is approved, move for adjournment. Happy New Year.

(Whereupon, at 12:56 p.m., the meeting was concluded.)

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