

January 6, 2010

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P R E S E N T

GOVERNOR MARTIN O'MALLEY, Presiding;

LIEUTENANT GOVERNOR ANTHONY BROWN;

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;

BEVERLEY SWAIM-STALEY, Secretary,
Department of Transportation;

MEREDITH LATHBURY, 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

GOVERNOR O'MALLEY: It's a New Year and we're lucky to be here aren't we, Eloise Foster? Luck has nothing to do with it, right? It's all of your good management and planning. Comptroller, any opening thoughts for this new year?

COMPTROLLER FRANCHOT: I'd love to wish everybody Happy New Year, just like you, Governor. And hope everyone had a relaxing break with their families and their loved ones. And I was at the gym yesterday. It was packed.

(Laughter)

TREASURER KOPP: Good intentions.

COMPTROLLER FRANCHOT: I'd like to see everybody there in February. But we are starting a new decade and I think everybody realizes the crisis that has taken such a toll on our State, and the national economic crisis. And I would like to just indicate that Maryland's families and the fiscal well being of the State are obviously a top priority for us

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at this table here, the Board, but particularly for everybody who's sitting out there in the audience who is having to deal with the impact of providing the services with a lot fewer resources. And it's your ability, I think, that allows us to get through these kinds of distressing situations. We, under your leadership Governor, have made major reductions three times in this fiscal year. And I know that creates a lot of uncertainty out there for folks in the agencies. And I just want to make sure that all of you realize that we're very sensitive to the morale of what you're doing. And it's kind of an invisible concern I have, I guess, that what we do impacts you. And I just want to make sure you're aware that we're hoping to have a more optimistic development as far as the economy in the year to come. And I think Maryland has got these tremendous bankable assets. The best school system in the country, as the Governor rightly takes credit for. And a tremendous higher education system. And we're also, when we compare to other

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states and countries, we have one of the strongest life science sectors in the world.

So I think we're going to come out of this okay, and we're going to be positioned strongly. The Treasurer rightly takes credit and should for the AAA bond rating that she always negotiates with New York. And the Governor and the legislative leadership have demonstrated real fiscal stewardship. But most of all I just think that all of you benefit from the fact that you do have some battle tested leadership in your agencies and in the Legislature, and throughout Annapolis. And a lot of your budget people have gone through these experiences. They've had to scrub budgets, and cut nonessential spending, and come up with ways to do more with less. I've got people in the Comptroller's Office who have gone through these kinds of downturns and I lean on them tremendously as they figure out ways to deliver services in this new age of austerity.

So I welcome everybody back. It's going to be a year of hard work ahead of us. I sincerely wish

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everybody a Happy New Year. And I just want to underline the fact that you are an indispensable part of how we're going to succeed. And if that's too bleak the pitchers and catchers report in six weeks to spring training.

(Laughter)

COMPTROLLER FRANCHOT: Nice to see everybody here. Thank you, Governor.

GOVERNOR O'MALLEY: Thank you, Mr. Comptroller. And the Ravens are going to the playoffs!

(Applause)_

TREASURER KOPP: Or on the other hand --

COMPTROLLER FRANCHOT: Yes, and the Redskins' season is over.

(Laughter)

GOVERNOR O'MALLEY: Madam Treasurer, any Zen wisdom for the beginning of the year?

TREASURER KOPP: No. I'd just echo the Comptroller's comments, and yours Governor, wishing

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everybody a good New Year. I think quite candidly it's going to be the most challenging year for the State government that we have seen, that any of us have ever seen. And I do think that the Comptroller's point of having good, seasoned, and tough leadership within your cabinet, within the State, within the Legislature, is a very important one indeed. I don't envy anybody with the great responsibilities that you have. But it ought to give the citizens and taxpayers of the State some feeling of confidence that we in fact are in a much stronger position than most of the states of the Union.

The Comptroller generously but wrongly ascribed to the Treasurer and the Treasurer's Office the success the State has in obtaining and maintaining a AAA bond rating. As we know, the bond rating actually is a reflection of the strong economy of the State, the well-trained workforce of the State, the strong fiscal discipline that this State and this State government has always exhibited, and I know will

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in the coming year. I look forward to joining and supporting all of you.

GOVERNOR O'MALLEY: Thanks, Madam Treasurer. Lieutenant Governor, any New Years thoughts?

LIEUTENANT GOVERNOR BROWN: Well, Governor, let me just say Happy New Year to everyone. And I want to publicly state how grateful I am for the blessings that we all enjoy here in Maryland, and I look forward to working with each and every one of you as we work to improve the lives of all Marylanders and continue these blessings.

GOVERNOR O'MALLEY: Thanks, Lieutenant Governor. All right, we've got a couple of things. I see that we're joined by the very distinguished Mayor of Ocean City, one of my most favorite cities in all of Maryland. And so we're going to, I believe Mayor Meehan --

SECRETARY MCDONALD: There had been a suggestion perhaps that the Department of General Services go --

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GOVERNOR O'MALLEY: No, yeah, we'll do that right after the Secretary's Agenda.

SECRETARY MCDONALD: Okay. All right.

GOVERNOR O'MALLEY: Then we're going to do, I know that Kevin Manning is here --

SECRETARY MCDONALD: Right.

GOVERNOR O'MALLEY: -- and, so we're going to do that second. We're going to move it up.

SECRETARY MCDONALD: Okay.

GOVERNOR O'MALLEY: But let's do, Mr. Mayor --

SECRETARY MCDONALD: The Secretary's Agenda. Okay --

GOVERNOR O'MALLEY: We're calling the Secretary's Agenda --

SECRETARY MCDONALD: -- let me, the Secretary's Agenda, then we have --

GOVERNOR O'MALLEY: -- Mr. Mayor, and Greg Shockley, one of Maryland's great business people. Are you coming up as part of this?

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SECRETARY MCDONALD: Just to clarify for the record, then come up, we're talking about Items 9 and 12 on the, there are two items for Ocean City on the Secretary's Agenda. One is for the Ocean City beach replenishment. The other is for the Ocean City financing of the Convention Center. Ms. Lathbury is here for the Department of Natural Resources, and also Jordan Loran can discuss the actual project from Natural Resources. We're lucky to have the Mayor of Ocean City here. Also, Delegate Mathias has written a letter strongly supporting both projects. I believe Mr. Frenz and Mr. Raith are here from the Stadium Authority so we can also answer questions about the Convention Center there.

MAYOR MEEHAN: Thank you. Governor, thank you very much. And it's great to be here.

GOVERNOR O'MALLEY: Good to see you, Mayor.

MAYOR MEEHAN: Mr. Comptroller, Madam Treasurer, Lieutenant Governor, thank you for having us here today. The first item we have on the Agenda

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today is to request an approval of an expenditure from the Beach Replenishment Fund in the amount of \$8.275 million to repair the beaches in the Town of Ocean City. As you all know, during the course of the last couple of months we've had a couple of storms in Ocean City. The most significant took place, of course, in the month of November, November 11th through 13th, the storm which was referred to as Nor'Ida, I believe, and ravaged the East Coast. And we had significant high tides during that time period and also went through eight different high tide cycles during that time period. And during a nor'easter, those are probably the worst storms that we face in Ocean City because they just stay off the coast, and they hover out there, and they keep battering us for a number of days. They build up the waters in the Bay, make it difficult for those waters to escape through the inlet, and cause significant build up of waters throughout the community.

What we are very pleased to state is that due to the beach replenishment project that we have in

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place we did not experience, to my knowledge, one drop
of water from the ocean west of the dune line. And

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that's significant during a storm of this magnitude and this duration in the Town. And I think what it really shows is this project has continued to be successful since its inception about twenty years ago, 1988, and then its final total completion in 1994. And it certainly served the Town of Ocean City and the State of Maryland well. It protects about \$10.5 billion worth of assets in the Town of Ocean City. It ensures that 8 million visitors can come to Ocean City and enjoy the beaches. And many Marylanders who are residents and visitors come to Ocean City annually to enjoy the beach.

We were scheduled to have a maintenance project on the beach this spring anyway. Of course, the magnitude of that project has been increased due to the storm we experienced in November. We have already begun or have in place a process to repair the dunes. That should begin sometime in the middle of this month, we'll begin trucking sand from different portions of the beach to begin that. But then we have

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a complete project planned for the spring of 2010 to rebuild the beach and the trajectory of the beach to protect the properties.

We understand that this is an important project to the State. We also understand there's concerns always about these types of projects, and we respect those concerns. But this project has proven to be successful. It's certainly a project that over the lifetime, and the projected lifetime, takes into consideration such issues as sea level rise and other changes in the environment. And I can tell you we're very environmentally sensitive in Ocean City. You know, our business, our community is based on the environment and its health. And we certainly want to see that maintained.

So we're here today to request the approval of the expenditure in the amount of \$8.275 million out of that Beach Replenishment Fund. And that fund is in place, we're not asking for any additional revenues. And on a yearly basis the State, City, and the County

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contribute to that Fund, and we do have our money in place to request this expenditure. Thank you.

GOVERNOR O'MALLEY: Thank you, Mayor.

Questions? And this is a slide show, Tom? Did you prepare this?

MAYOR MEEHAN: We do have one, if --

TREASURER KOPP: This is DNR's, I believe, that we have in our, it's very impressive.

GOVERNOR O'MALLEY: How long does this project last? I mean, what's the, this replenishment effort? I mean, what is the --

MAYOR MEEHAN: Typically, we do a maintenance project every four years.

GOVERNOR O'MALLEY: Mm-hmm.

MAYOR MEEHAN: That's why we continually put money into that Fund so that there's necessary reserves in that Fund to do the maintenance projects. So typically every four years or so. And the magnitude of that project really depends upon the trajectory of the beach that's determined by surveys

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by the Army Corps of Engineers to keep sufficient level of protection out there to protect the properties.

GOVERNOR O'MALLEY: Got you.

TREASURER KOPP: I have just a question, Mayor?

MAYOR MEEHAN: Yes?

TREASURER KOPP: Mayor, I know that DNR is looking broadly. Is the City of Ocean City and the County also looking at the question of adaptation as well as mitigation of sea level rise, and --

MAYOR MEEHAN: Yes. I can tell you what we do is we meet or exceed all of FEMA's minimum building standards. We actually build two feet above their minimum standards and we have set that in our Code a number of years ago to begin to look and to address those things. We actually receive a 15 discount on flood insurance throughout Ocean City because we meet and exceed, and it's because we exceed all of those standards. So yes, we're very cognizant of the

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future, and of the environment, and of what could take place over the next forty years.

TREASURER KOPP: This is, this is, I apologize --

MAYOR MEEHAN: Please. No, that's okay.

TREASURER KOPP: -- I have an eye problem at the moment. But I think this DNR document is talking about a .5 feet of sea level, that's six inches of sea level --

MAYOR MEEHAN: Yes.

TREASURER KOPP: -- rise? Is that your, is that the assumption that you're working under, also?

MAYOR MEEHAN: I believe that assumption has increased somewhat.

MR. MCGEAN: We actually work over closer to a foot, over fifty years.

MAYOR MEEHAN: Over the next fifty years.

TREASURER KOPP: Okay. Because half a foot is very optimistic according to everything I --

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MAYOR MEEHAN: Well, I think that was something that was done a few years ago. We've updated those.

TREASURER KOPP: Well, I certainly don't want to stop --

MAYOR MEEHAN: Thank you.

TREASURER KOPP: -- this project, and I commend Ocean City for everything that you are doing in this area. But I do think the time will come when the State, and all of us, are going to have to look very seriously at the impact of global climate change, the sea level rise, and the impact on a variety of projects and on the health of Ocean City and our entire coast. But I thank you for the good work you're doing.

MAYOR MEEHAN: Well, thank you very much.

TREASURER KOPP: I look forward to working with you on it.

MAYOR MEEHAN: Thank you very much, Madam Treasurer.

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GOVERNOR O'MALLEY: How many jobs on this, anybody know? Anyone here from DNR?

MAYOR MEEHAN: On the project itself?

GOVERNOR O'MALLEY: Yes.

MAYOR MEEHAN: How many jobs does the project itself --

MR. LORAN: The renourishment project? I don't know that I have the exact number. But what's involved are a significant amount of jobs. Because you've got a full crew that works twenty-four hours a day on the boats out in the ocean. So there's three crews that will work in that twenty-four-hour period that, and I believe each crew can be up to eight people out on the site. Then you've got land crews as well. We can work with the Corps and we can come up with a more exact number. But my guess we're probably looking at somewhere between twenty-five to forty people working during the renourishment project.

MAYOR MEEHAN: And during the trucking project that will start moving some sand from that

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those areas that collected sand, you know, sand moves around on the beach because of the storm, and it moves from area to the other. It stays within the project itself. And we'll begin that trucking operation, there is a local company that will be doing that trucking operation starting Monday in Ocean City, which will generate jobs within the local area.

GOVERNOR O'MALLEY: And there's another item that you're here on as well, aren't you, Mayor?

SECRETARY MCDONALD: The Convention Center?

GOVERNOR O'MALLEY: Yes. I'm sorry, Mr. Comptroller?

MAYOR MEEHAN: Yes, Mr. Comptroller?

COMPTROLLER FRANCHOT: I just want to compliment the Mayor, your team, on the leadership that you give us --

MAYOR MEEHAN: Thank you.

COMPTROLLER FRANCHOT: -- at Ocean City. As Comptroller, I see what an economic engine that area is. And obviously I've been down there several times.

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MAYOR MEEHAN: Yes, you have. Thank you.

COMPTROLLER FRANCHOT: It's a beloved family destination, and it's a Maryland icon. And in the Legislature I used to kibitz with the Treasurer from time to time about, you know, isn't this just a futile Sisyphus rolling a rock up a mountain exercise with this dredging of sand. But I really, I've become a huge convert to doing whatever we can to keep the sand there. I'm frankly willing to come down and take a few buckets myself.

(Laughter)

MAYOR MEEHAN: Well, good. Well, we'd love to have you.

COMPTROLLER FRANCHOT: Because it's, you know, no beach, no Ocean City.

MAYOR MEEHAN: That's correct.

COMPTROLLER FRANCHOT: And so the potential concerns about global warming are probably valid down the road.

MAYOR MEEHAN: They are.

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COMPTROLLER FRANCHOT: But for the time being, keep up the great work. It's a wonderful town and just a tremendous catalyst for tax revenues and I appreciate everything you do and the other elected officials down there. You said Delegate Mathias wrote a letter?

SECRETARY MCDONALD: He did, yes. We have it in the file.

COMPTROLLER FRANCHOT: So it's good stuff. And all you have to do is go up to Delaware and see those little narrow little beaches. Because they don't do that, and we do. And I think people appreciate it.

MAYOR MEEHAN: You know --

COMPTROLLER FRANCHOT: And I think you probably, the Governor is right. I mean, talk about stimulus.

MAYOR MEEHAN: Absolutely.

GOVERNOR O'MALLEY: I'm not so sure about the jobs and the actual dredging, but I sure as heck

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know about the jobs that the economy down there generates. And I think it's a great use of federal stimulus dollars and so, yeah, I'm one of the converted.

MAYOR MEEHAN: Well, thank you Mr. Comptroller.

COMPTROLLER FRANCHOT: And thank you for your leadership.

MAYOR MEEHAN: Thank you.

GOVERNOR O'MALLEY: Do you want to talk about the Convention Center?

MAYOR MEEHAN: Sure.

GOVERNOR O'MALLEY: Speaking of jobs, and --

SECRETARY MCDONALD: And Mr. Frenz is also here from the Stadium Authority, who is going to be working partners with Ocean City for the, if you want to introduce the project you can, or you can have Mr. Frenz, you'd rather him do it?

MAYOR MEEHAN: Are you sure?

MR. FRENZ: Yeah, absolutely.

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MAYOR MEEHAN: Oh boy, I got up here.

(Laughter)

MAYOR MEEHAN: Thank you, Governor.

SECRETARY MCDONALD: He's got the smile right.

MAYOR MEEHAN: The second project we're here to discuss today is the expansion of the Ocean City Convention Center. And we've been very fortunate to have the State as a partner in our Convention Center for a number of years and it's been a very, very successful partnership. And Mr. Comptroller discussed, or brought forth, something about economics in Ocean City. And I like to talk about the economics in Ocean City because I think it's good news not just for Ocean City but for the State. And what I do is bring good news that since the beginning of our fiscal year, which was July 1st, our room tax number actually exceed that of the previous year. And I can tell you, I challenge you to find another vacation destination

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that can tell you they were even with the previous year.

And I think it's because the Town of Ocean City has a terrific base of Marylanders that come and visit Ocean City but also because we were very proactive. And we went out and spent more money on advertising than we ever had before. And we decided that we weren't going to sit back. We were going to move forward. And when things were bad we were going to be better, and when things got better we were going to be the best. And I think that's worked for us. And we're going to continue to do that.

And as part of that we're here today to discuss the expansion of the Convention Center. We have a, we did a study that proved that we could do an expansion much larger than the 20,000 feet we're here to request today. But in these particular times we think taking that in stages is the right thing to do. And we'd like to request the funding in the amount of \$4.8 million for the expansion.

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And this will be a 20,000 square foot expansion. It will be on the western portion of the building, for those that happen to be familiar with the Convention Center. It's actually on the Bay side. To much of our amazement, when they built the Convention Center they forgot to take in the vista, the view of the Bay. And the only way you can see the Bay, before our last expansion, was if the service elevator happened to be up and you could look out through the elevator opening to see the Bay. We corrected that somewhat with our last expansion and now what we want to do is put one of the main conference rooms right there on the Bay front. This will increase our total space by about 20,000 square feet. The economic benefit is an increase of about \$1.6 million a year to the State of Maryland. That's under current situations. It doesn't take into consideration additional business that that will bring.

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The Convention Center has been very successful. During the course of this last year, and these were tough economic times, we only lost two events. And one of those events combined with another event. So the losses we had were very, very minimal. We have a long waiting list of what we call lost business, where we have people that want to be there during specific times, which are convention times and other times, when we're currently booked. This additional 20,000 square feet will allow us to take advantage of that.

It will also allow us to utilize our current ballroom, or half of that ballroom, for more entertainment, and to provide more entertainment for people that come to Ocean City or to lure more people to Ocean City. And we also hope to come back in a second phase of this project and actually make part of that current ballroom into a performing arts center. there. Ocean City wants to be the place of choice for people that visit, and bring their meetings and

So we

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conventions. And I think that this expansion will go a long way to helping us do that.

We do have funding in place in Ocean City to fund our share of the \$4.8 million. Actually, our share will be equal to that. And we're asking your support for that project as well. And I am here with the Stadium Authority, and we simply can address this issue, or explain or present any facts that you would like to hear.

GOVERNOR O'MALLEY: How many jobs?

MR. FRENZ: The estimate is from 300 to 430 full time employees.

TREASURER KOPP: From the construction project?

GOVERNOR O'MALLEY: That's just the construction, right?

MR. FRENZ: From the 20,000 square foot expansion.

GOVERNOR O'MALLEY: Right.

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MAYOR MEEHAN: And time is of the essence, as with many things. If we get the approval we can go ahead and we'll forward fund the design of this project. We can begin this year. We will have the project completed in time for the 2012 season. We'll also be able to do most of the work, the interior work, in the off season so it won't affect the current conventions. But we want to have it finished by the time 2012 rolls around for the Maryland State Firemen's Convention, MML, and MACo. So we have a time schedule. And we want to make sure we meet it. And your approval today would allow us to continue in that fashion. Mr. Comptroller?

COMPTROLLER FRANCHOT: I just, I've gone all over the State on these economic problems we have. And a lot of the experienced labor folks that we have in the State, electricians, and plumbers, and steamfitters, and everybody, are constantly saying that their ranks of unemployment are huge. These are Maryland experienced workers. And they just say the

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stimulus dollars are not reaching down to them. And so if you could, within whatever is proper as far as your procurement, look to see whether you're hiring Maryland-based, experienced, workers, I would be grateful. They come back and they say, you know, "We go into these parking lots where these buildings are going up in Maryland and see out-of-state plates and workers that are coming in from Virginia, and Delaware, and Pennsylvania." And I just hope when you, as you put this thing, whoever it is that you get to do it, that we try to emphasize that we want to employ our local skilled labor. Because the dollars then stay in the community.

MAYOR MEEHAN: I agree.

COMPTROLLER FRANCHOT: And it's just a rhetorical request --

MAYOR MEEHAN: Okay.

COMPTROLLER FRANCHOT: -- when you move forward with this. I know you have your procurement -

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MAYOR MEEHAN: Correct.

COMPTROLLER FRANCHOT: -- parameters. And I know you've got whatever it is with prevailing wage, etcetera. I'm not even sure where all that plays in. This is more employ local, if possible.

MAYOR MEEHAN: Well, we agree with you.
Yes, sir.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR O'MALLEY: Anything else on this one?

SECRETARY MCDONALD: On that item, I need to introduce the whole Agenda.

GOVERNOR O'MALLEY: Okay.

SECRETARY MCDONALD: Okay?

GOVERNOR O'MALLEY: Why don't you go ahead and do that?

SECRETARY MCDONALD: Because, thank you, I think that's probably it for your items.

MAYOR MEEHAN: Okay. Thank you very much.

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GOVERNOR O'MALLEY: Thank you for your leadership on the tourism. Big, and one of the bright spots, I mean, I think in a dark time has been that stability of the tourism industry, and in some places even its slight growth when everything else is going down. And Ocean City and your leadership there has been big part of that. So thanks for what you do for all of our --

MAYOR MEEHAN: Well, thank you. And we thank the State for their continued support for Ocean City. Thank you very much.

GOVERNOR O'MALLEY: And Mr. Shockley, thank you for your service as the head of our State Tourism Board. Okay, Ms. McDonald?

SECRETARY MCDONALD: Thank you, Governor, Madam Treasurer, Mr. Comptroller. We have fourteen items on the Secretary's Agenda this morning, three reports of emergency procurements. We wanted to highlight the Ocean City items, where they were again Items 9 and 12. We also have Item 14, which has been

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protested by a bidder. And the Treasurer is asking the Board to award this contract in the face of a protest.

GOVERNOR O'MALLEY: Would you all mind if we called the Ocean City matters and voted on them? What are those two items?

SECRETARY MCDONALD: Yeah, if you wanted to go to Items 9 and 12 that would be fine.

GOVERNOR O'MALLEY: Okay, that's --

COMPTROLLER FRANCHOT: Move approval of Items 9 and 10.

GOVERNOR O'MALLEY: Items 9 and 12.

TREASURER KOPP: Items 9 and 12.

COMPTROLLER FRANCHOT: Items 9 and 12.

TREASURER KOPP: Governor, I support that, no question. But I would like to hear more in the future from DNR regarding this question of how you on a broader level are examining the impact of global climate change, particularly sea level rise. I was not, I was a little disquieted, actually, by the

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numbers. Because I don't think they reflect the most recent or serious studies, particularly when you factor in the New England, northeast coast impact.

MS. LATHBURY: Absolutely. Madam Treasurer, we do have Zoe Johnson, who is our climate change expert, here today if you'd like to hear a few words from her.

TREASURER KOPP: I will leave it up to my colleagues. I would like a chance to talk to her --

GOVERNOR O'MALLEY: Sure. Zoe, Zoe why don't you come up and give us a preview of what might be a --

TREASURER KOPP: Thanks, Zoe.

GOVERNOR O'MALLEY: -- of what might be a more complete briefing to this Board on --

TREASURER KOPP: Yeah. I don't want to detain you, but I think it is a terribly important --

MS. JOHNSON: No, I'm happy to be here. Thank you. And the opportunity --

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COMPTROLLER FRANCHOT: Accent the positive,
please.

MS. JOHNSON: Yeah, not all positive,
however.

TREASURER KOPP: We are looking longer, just to say, we are looking in a time frame now of several decades --

MS. JOHNSON: We are.

TREASURER KOPP: -- it would be, as opposed to this immediate need for these projects, of which there should be no question.

MS. JOHNSON: Right. The Maryland Commission on Climate Change had a scientific and technical component that was led by Dr. Don Boesch. That working group took the latest projections that have been coming out internationally from the Intergovernmental Panel on Climate Change and factored in our regional land subsidence component here.

Our land is actually sinking in the Mid-Atlantic region about 1.7 millimeters per year. So we have more of a sea level rise problem than other places around the globe. We have a documented rate currently of sea level rise over the last 100 years of a foot. So the 1.5 feet that's been factored into this project is basically the historic rate of sea level rise over the last hundred years.

Going into the future, the current projections and the latest projections that we have for Maryland range between 2.7 feet and 3.7 --

TREASURER KOPP: Right.

MS. JOHNSON: Yeah, 2.7 feet under a low emission carbon scenario and 3.7 feet under a higher emission scenario. Given what just happened in Copenhagen we are planning for some of our adaptation objectives for climate change under that 3.7 feet. So for major investments the Commission on Climate Change recommended that we consider 3.7 feet in the design of our infrastructure and our vulnerable coastal areas.

So a key element of the Climate Action Plan was the comprehensive strategy for reducing Maryland's vulnerability to climate change. We've heard a lot about the mitigation recommendations that came out of the climate change commission which culminated in the Global Warming Reduction Act. We have a whole suite of recommendations that are tied towards reducing our vulnerability.

So for investments like this in Ocean City we need to be thinking long term. And all along the

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Atlantic coast states are having to think about these long term investments in light of sea level rise.

TREASURER KOPP: And it's not just Ocean City.

MS. JOHNSON: Right.

TREASURER KOPP: We're looking at the Port of Baltimore, and the entire --

MS. JOHNSON: Right.

TREASURER KOPP: -- coast of Maryland.

MS. JOHNSON: Right. There's a specific recommendation from the Commission that we need as a State and to work with local governments to begin to make decisions about what we can protect, what we need to accommodate for additional flooding, storm surge, severe weather impacts in our coast areas. And then where we are going to obviously have to make some decisions about retreating from our coast, predominantly in some of our most vulnerable coastal areas, like Dorchester County, Somerset County, and some of our barrier islands.

So ultimately those decisions, you know, are probably, retreating from our coast are, you know,

fifty to potentially a hundred years down the road.

However, we need to keep in mind that we may need to make some decisions, you know, today about investments in some of these areas we know --

GOVERNOR O'MALLEY: Open space.

MS. LATHBURY: Exactly, we're developing criteria to respond and adapt accordingly.

MS. JOHNSON: Right. We're currently working to develop specific criteria to help us evaluate some of our investments in these areas that we know will become vulnerable.

GOVERNOR O'MALLEY: So we're not buying subaquatic vegetation.

MS. JOHNSON: Right.

TREASURER KOPP: Unintentionally.

GOVERNOR O'MALLEY: Not intentionally.

MS. LATHBURY: We actually have a national fellow working with us on that issue.

MS. JOHNSON: Yeah, that project. And we've talked about that. But I might just mention that where we are putting public investments or public dollars into infrastructure in our vulnerable areas, there is a way to, you know, make sure that that

infrastructure is designed to accommodate for sea level rise. So it means, like, in a situation where Ocean City, where they've increased their elevation standards for new buildings, we'd like to see that done statewide, particularly to lead by example for some of our State infrastructure. But it would, you know, potentially increase the cost of some of these improvements, to add that additional elevation or to design in a way to make us withstand the forces of the storms and sea level rise.

Climate change is not just, the impacts of climate change here will not just be felt in terms of sea level rise, that the intensity of coastal storms, and the storm surge, are also anticipated to increase. The jury is still out on whether we will see a frequency, or an increase in the frequency of coastal storms.

Does that help? We are thinking about this.

TREASURER KOPP: Yeah. Yeah.

MS. JOHNSON: I work on it every day. I never stop thinking about it.

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TREASURER KOPP: Well I think, I do want to say that I think it is excellent and reassuring to know that in fact you are there looking at it, and that it is being integrated into State planning and building. I think we need a lot more education on the subject, understand the breadth of the concerns. But I'm very pleased to know, because a few years ago I think that this was dismissed totally out of hand and we were not looking seriously at it. And it is a major step forward. It, we're not looking over the rainbow but I think we're looking realistically at what the future holds --

MS. JOHNSON: Right.

TREASURER KOPP: -- for Maryland, and being prepared.

MS. JOHNSON: Right. Well, Governor O'Malley should be commended because when he formed the Commission on Climate Change he added a component on adaptation to the Climate Action Plan. Maryland is one of very few states that had an adaptation component.

TREASURER KOPP: Right. You know, we speak sort of in code because you don't want to raise

unnecessary concerns. But the difference between mitigation and adaptation and then removal are very significant differences in terms of our communities, and it takes some time to absorb that.

MS. JOHNSON: Right.

GOVERNOR O'MALLEY: Well, thank you.

MS. JOHNSON: Yes.

GOVERNOR O'MALLEY: Could you do us a favor and --

MS. JOHNSON: Yes?

GOVERNOR O'MALLEY: -- maybe, are you at DNR?

MS. JOHNSON: Yes.

GOVERNOR O'MALLEY: So if you could put together some sort of power point for a meeting, if not the next one, you know, sometime in the next month or so that we're back here. And maybe we'll take fifteen minutes and go through this?

MS. JOHNSON: Yes, I would love to.

GOVERNOR O'MALLEY: And if you could do it in such a way that we can just record whatever your presentation is, and the slides, and put it on our

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website? Because I think people are interested, and we'll let everybody see it.

MS. JOHNSON: Okay. Wonderful.

TREASURER KOPP: It's important to realize, this is not focused on a particular project that is before the Board. I mean, this is a look at --

MS. JOHNSON: But it's going to affect, continue to affect our, and we should be thinking about it long term and our investments in some of our vulnerable areas.

GOVERNOR O'MALLEY: Well and so far, I mean, that replenishment investment has protected a lot of property, a lot of value, and the economic --

MS. JOHNSON: Right. In the design of the Harriet Tubman Visitors Center we were able to accommodate additional elevation to account for increased flooding. So that's an example. We're working, that is just another project. But at DNR we're working on a lead by example policy to show how we can incorporate this decision making into our investments and our projects.

GOVERNOR O'MALLEY: Okay. Now these Items 9 and 12 have been moved by the Comptroller and seconded

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by the Treasurer. All in favor signal by saying,

"Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed? The ayes have it. The Ocean City delegation, we appreciate your early morning drive here. We free you. Thank you. Okay. Let's go to the balance of the, I know Mr. Grant's up and has an item --

SECRETARY MCDONALD: Do you want to hear the protest now, or would you want that to be held until the end of the meeting and --

GOVERNOR O'MALLEY: I don't know, we might as well do it now.

SECRETARY MCDONALD: Okay. All right. The Chief Deputy Treasurer Ms. Bernadette Benik is here on Item 14, which is a recommendation to award the December 2009 equipment lease purchase agreement for financing. And Ms. Benik, I think she is going, Ms. Benik is going to come up and then we're going to call for Mr. Grant to come up. She's going to introduce the contract and then the --

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TREASURER KOPP: Governor if I could just, I mean, you all know the Chief Deputy. But just to remind the Board that we have changed the process for awarding the leases so that they are much more frequent than they were. They are smaller packages than they were in an endeavor to incorporate more small and minority businesses. We put out a request that was on the Agenda last time and we, with your agreement, withdrew it in order to make sure that the responses in fact, to redo it so that the responses in fact would be directed properly and be responsible. There still were some problems with it.

I just want to remind you that the financing that these leases are to support were not only delayed, but they are in response to invoices that we have had since October or November. These are vendors, Maryland businesses, small and large, that are out there waiting to be paid. And that's why this, that is why we are requesting going forward despite the protest. We have worked with Mr. Grant and his company for some time, and respect them, and look forward to working with them in the future. There will be regular leases of this sort going out in

the future. But right now we have to have funds to pay the vendors who have done work for the people of the State of Maryland. And that's why we're asking you to go forward with it. I didn't mean to take over but that's the setting in which I see it, sir.

MS. BENIK: Good morning, Mr. Governor, Treasurer, Comptroller. The Treasurer did a great job. I really don't need to say much more. She is correct. Previously, the leasing program was done on a master lease where we had approximately \$200 million that would go out. And we were asking individuals to lock those rates in for several years, or until the \$200 million has been expended. Because of the financial meltdown that happened that was becoming more difficult. And it also limited the pool of people who had access to \$200 million to commit to the State.

In October we changed the program, as the Treasurer said. We are now going out monthly with an IFB to fund. They are alternating, one month it will be equipment, the next month it will energy. This particular financing is for approximately \$4.5

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million. It is for assorted different State agencies that have already received equipment such as computers. \$4 million of it is for a scoreboard and control room at the Stadium, and that work is supposed to start this week. That's the ten-year lease and that money needs to go into an escrow to be worked out of.

We did have an original item in December, as the Treasurer said. We received six bids. All six bids were rejected for a variety of problems. Everything from not having the adequate documentation, not giving us audited financial statements, a variety of issues. They were rejected. We put a revised bid out at the end of December, with bids coming in from all the same six bidders December 29th. In the revised bid what we put out was we changed our bid form to make it clear for bidders and hopefully more, easier for them to realize that not only did they have to have the lowest bid but there were certain bid requirements that had to be met. You had to agree to use the State's documentation. You had to show that you had financial capabilities to do the lease. You had to supply your audited financial statements. You

had to have correct amortization schedules. We felt that by amending the document, it was a little check off list so everybody understood when you checked it off, yes, you agreed to those terms and then we would look at the bid prices.

The same six bidders rebid. We went through those bids. We ranked them from the lowest bid to the highest bid. We evaluated them for meeting all the other requirements. Three of those bids were rejected as either nonresponsive or not responsible. The remaining three bidders were ranked from lowest to highest. And the low bidder was SunTrust Equipment Financing and Leasing Corp. at 3.707 percent. And what we're doing is we're asking the Board to award the bid to SunTrust so that we can in fact pay these vendors, as the Treasurer said, that are waiting.

We are accruing late charges at this point. One or two of the agencies have been able to come up with some temporary funding to try to pay that, but how they're waiting to get their money back. Others don't have the money to pay, and we are waiting on the

Stadium. And I'd be happy to answer any questions that you might have.

GOVERNOR O'MALLEY: Thank you. Mr. Grant?

MR. GRANT: Yeah, good morning, Governor, Comptroller, Madam Treasurer, Lieutenant Governor. I'll digress for a quick second. I'm here to save you money, not to pay more money. And Grant Capital is increasing our employment by 30 percent this year. Jobs are important.

But Grant Capital has been working with the State for over ten years. We've competed against the giants in the industry, whether it be SunTrust, Bank of America, GE Capital. Eight out of the last ten years we've been successful. We've financed over \$300 million worth of projects for the State, and the only metric that's concerned the State or Grant Capital is do we provide the lowest cost funds to the State? And the answer is yes. Just at the last Board of Public Works meeting Patti Konrad was honored as having saved the State over \$40 million. That's significant; she should be commended. It should be noted that of that \$40 million, Grant Capital saved the State \$5 million in the last twelve months. How did we do that?

Our rates that we proposed for the State's Master Energy Program were priced at the State's bond rates. No one has ever done that. We saved the State significant money. Well, why is this important? Well, as Bernadette indicated, the State did change the way they do the bids. And the way these bids are formulated now, Grant Capital cannot compete, nor will we be compliant with any of the bids that do come out. The State says that they've expanded the pool of bidders. I would suggest that no other bidders have responded than previously responded. I mean, if you're talking millions of dollars the same people are going to be there. So the change of format hasn't increased that pool.

But the bid was issued as an IFB. Cost is the number one parameter in evaluating an IFB. It stated in the bid in numerous areas that cost was the number one criterion for award. On the bid sheet it stated the same thing. SunTrust rates evaluated at 3.7 percent. We evaluated at 3.1 percent. Now, in the Grant household if we take out a loan we're going to go for the best rate. And 3.1 is pretty good. But

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you always look for the gotchas. Is it too good to be true?

Well, there were some other evaluation criteria, as Ms. Benik has pointed out. Let's go through a couple of them. First, the State said that you had to use their document, otherwise you would be disqualified. No changes, deletions, additions. Well, when we looked at the document we saw it was defective and we contacted the Treasurer's Office and said, "You know what? Your document is defective." And they agreed. So were we supposed to agree to a defective document? In these deals there is a certain back and forth that goes on. They issued an amendment acknowledging that.

They also asked for us to get an irrevocable letter of guarantee from our investors. Now, Grant Capital does between \$500 million and \$600 million a year in these type of transactions. We're a small company. There are ten people in the firm. We don't have that kind of money, but we have investors that support us. We finance everything in Baltimore City, Prince George's County, Howard County, D.C. government, and eight out of the last ten years here

at the State. But we had to get a guarantee from our investor, which the State probably knew was going to be very difficult or impossible. How? This is a rebid. We had the same problem on the last bid, where again we were the low bid.

To mitigate this issue we came up with a creative idea. We issued a certified check to the State for \$100,000 to guarantee our rates. Now, you that know me know that I just don't give money away. We're prudent, conservative business people. There was absolutely no risk here. And I ask you, would you want a guarantee or cash? I think the cash wins out. But, since this was an IFB creative solutions can't be recognized that mitigate the problem.

But the last reason that our bid was rejected, and this is rich, the State said that the first payment on our amortization schedule did not coincide with their calculations. Well, the joke in the Treasurer's Office is that our first payment never corresponds to what they calculate only because we use a different model. At the end of the day we always tell the Treasurer's Office, "Whatever you calculate

is the correct number. No debate, no argument, we take your numbers."

So, again, we can't compete. We won't be compliant. We've saved the State millions of dollars in the last year and are saving them over \$150,000 on this transaction which probably cover any interest charges that are accruing to get the scoreboard funded. We believe that we have earned this business and should be awarded the bid. If not, the State should at least reissue this as an RFP so that some creativity can come into play here.

I mean, it's sort of like watching a football game at Ravens Stadium, and everybody sees the pass interference. The fans see it, it's on the Jumbotron, but the refs just don't see it. Well, you all are the refs. I hope you see it. Thank you.

GOVERNOR O'MALLEY: Comptroller? Treasurer?

TREASURER KOPP: I can only say, Mr. Grant, I'm sorry that you don't understand the process and look forward to working with you in the future. But as far as I'm concerned we have to follow the law, and have done everything we can to reach out to all of the community in fashioning the bid.

GOVERNOR O'MALLEY: Well, Mr. Grant why do you believe that you, it's my understanding, and the Treasurer is our expert here and this is her subject matter. The, why do you believe that you won't be able to compete and win as these things come up in the future? I understand every month, every other month? Why do you believe --

MR. GRANT: Because, I mean, our rates beat everybody. Okay? And an IFB is supposed to be about cost, period. Okay? The State has recently introduced other criteria that we don't meet, such as the irrevocable letter guarantee. We can't do that. We have to get that from our investors, and the pool of investors in these transactions is very small, and they've gotten smaller over the last year. And so now we're competing with a number, I mean, SunTrust is one of our investors, Bank of America is one of our investors. And so we're competing against our investors now. Business is very difficult. So we won't be competing with the State. We can't. Because we can't make the Ts and Cs. The numbers we can, but the Ts and Cs can't, we can't meet it.

GOVERNOR O'MALLEY: You thought you were meeting that with the certified check?

MR. GRANT: Well I, we thought we were, but this is an IFB.

GOVERNOR O'MALLEY: Uh-huh.

MR. GRANT: And an IFB you can't look at any other mitigating factors. You can't, we asked to have a conversation with the Treasurer's Office. And we asked to have a meeting actually before the bid, but then it never really occurred, to go over any of these issues. And, I mean, it's, we just won't be able to participate. You know, unless there is some modification. I mean, I understand that there's a rush to get the scoreboard done, and all of that. But unless there's some serious changes here, we're out.

GOVERNOR O'MALLEY: And have you put those suggested changes in writing?

MR. GRANT: We're in a live bid situation right now.

GOVERNOR O'MALLEY: Right.

MR. GRANT: And so, unless it's, we can and we can try. It all depends on them if they want to. Because they knew.

GOVERNOR O'MALLEY: And one of them is the
irrevocable --

MR. GRANT: Guarantee.

GOVERNOR O'MALLEY: And what's the other one
that you say puts you out of the game here?

MR. GRANT: Oh, because our first payment
wasn't necessarily incorrect, it just didn't match
their calculation. But in ten years our calculation
has never matched. And we aren't talking a lot of
money here. We disagree with the State's number, and
whatever you come up with, that's fine. We just use
two different models.

GOVERNOR O'MALLEY: So it's more the
irrevocable guarantee --

MR. GRANT: Right.

GOVERNOR O'MALLEY: -- that you believe
makes it impossible for you to compete?

MR. GRANT: Impossible. You know, and you
know, the question is, why was it there in the first
place? Okay? And I think it was a holdover from the
State's master lease program, where we had to
guarantee rates for two, two and a half years at a

time. No one does that. Now, the only period of time where rates need to be guaranteed is two weeks. We gave the State \$100,000 to guarantee that those rates would hold.

GOVERNOR O'MALLEY: Mm-hmm.

MR. GRANT: I don't know if they discussed with their financial advisor what rate movements look like in two weeks, but it's minimal. Did you talk with your financial advisor about this?

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: I have a lot of respect, obviously, for the Treasurer, and her Office, and the Deputy Treasurer. But I'm a little bit concerned with the process we're underway here. Because if you're going to protest this and it goes to the Board of Contract Appeals I can understand that process. I barely know what an invitation for bid, you know, whether one's valid, or not valid, or what all the details are. So I'm a little concerned that we're, I know you generously called us referees. But I'm not sure we're, we're knowledgeable enough about the details to make a fair judgment. And so I'm sympathetic to the due process concerns that you have,

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and so I would be inclined to, I'm not quite sure what the proper context would be to --

MR. GRANT: Well --

COMPTROLLER FRANCHOT: Is this going to be heard before the Board of Contract Appeals if we don't act today?

SECRETARY MCDONALD: I don't believe so. I know the Treasurer's counsel is available.

TREASURER KOPP: Yeah.

COMPTROLLER FRANCHOT: He's here?

SECRETARY MCDONALD: Would you like Mr. Vanderbosch to come up?

COMPTROLLER FRANCHOT: What happens if we don't approve this?

SECRETARY MCDONALD: Mr. Vanderbosch is the Treasurer's counsel from the Attorney General's Office and he's been working with Ms. Benik on this. And we just, and it's no fault that I know of, we just got the protest papers yesterday. They've been looked at and read by many people, but I think Mr. Vanderbosch probably has a better familiarity with the whole case.

MR. VANDERBOSCH: Steven Vanderbosch, Counsel to the Treasurer. The, Grant Capital Management filed a bid protest with the Board of Public Works as well as the Treasurer's Office on Monday evening. And the process is that the procurement officer will gather the necessary information and make a procurement officer's decision. If Grant Capital Management is unhappy with that decision they have the right to appeal to the Board of Contract Appeals.

COMPTROLLER FRANCHOT: Well, I would much prefer that course than the one we're --

MR. VANDERBOSCH: And --

COMPTROLLER FRANCHOT: -- doing here. Because I'm just not comfortable with our ability to sift through all of this.

MR. VANDERBOSCH: The request before you today from the Treasurer's Office is to approve the award in the face of the protest because, as the Treasurer indicated, there are vendors out there with invoices from October and November waiting to be paid. There is no other funds to pay those invoices. And

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it's in substantial State interest to approve this contract so those funds can be made available.

COMPTROLLER FRANCHOT: Okay. I understand that. But there's also a, you know, system set up to handle these. And I would --

MR. VANDERBOSCH: That does not preclude the protest from being appealed to the Board of Contract Appeals.

GOVERNOR O'MALLEY: So they can still go even if we appeal that.

COMPTROLLER FRANCHOT: But that's --

GOVERNOR O'MALLEY: I mean, even if we approve it.

COMPTROLLER FRANCHOT: I appreciate that. But anyway, I would hope that we could hold this for a while and, you know, let the process play out in the agency.

TREASURER KOPP: I would just like to point out, people have mentioned the scoreboard. We are talking about vendors who have procured equipment also for the Department of Juvenile Services, Department of Public Safety and Corrections, and Morgan State

University, which, all of whom are looking forward to this funding to help pay these small and large vendors.

I appreciate Mr. Grant's position. I do not think that it is the complete story. As I said, I appreciate having worked with him and look forward to working with him again in the future, but I do think that the requirements of the bid are requirements and that they were perfectly clear in this instance or I would not have supported it.

MR. GRANT: Well you know, Governor, Treasurer, Comptroller, I'm not looking to hold the process up here, okay? We know that we weren't in compliance, and so we weren't quite sure what to do with the protest. And so we don't really want to hold the process up. But the process needs to change. There needs to be a significant change here. And I would hope that in the future if we have to come back here and our rates happen to be higher than our competitors that we would get the same consideration. So we'll withdraw the protest. You can move forward with it. We just want to be treated the same. Thank you.

GOVERNOR O'MALLEY: All right. Well, Mr.

Grant, we look forward to hearing anything you have in writing on this with the changes you suggest. I know from my work with the Treasurer that she always desires in trying to give more competition --

TREASURER KOPP: Exactly.

GOVERNOR O'MALLEY: -- and more people bidding. And we appreciate the dollars you've saved the State, and have a tremendous amount of respect for you and your business. And hopefully we can all work this out as they come up in the future.

TREASURER KOPP: Governor, let me just reiterate that the process change, which had been approved by the Board, was intended in large part to enable small and minority vendors to bid on these contracts who had not been able to before. If there is a better way of doing that and still saving money for the taxpayers of the State of Maryland we certainly look forward to looking into, and looking forward to getting suggestions from all interested, experienced parties.

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GOVERNOR O'MALLEY: And Ms. Watson, you'll help us all stay current.

TREASURER KOPP: Yes.

GOVERNOR O'MALLEY: Okay the protest was --

COMPTROLLER FRANCHOT: So are we going to hear back about these issues? Because I --

TREASURER KOPP: Comptroller, you're going to hear about every month on these leases. That's the new process.

COMPTROLLER FRANCHOT: Well, I'd really like to hear from you somewhere down the road if this, because I'm not comfortable with this. I just don't feel like we're, I appreciate the withdrawal of the bid protest but gosh knows what's going on there. I would really like to hear from the staff before this Board as to the concerns that were raised. Because they, you know, it just doesn't sit well with me that, this whole situation I think. And I want to have Mr. Grant's questions answered.

TREASURER KOPP: Very appropriate.

GOVERNOR O'MALLEY: Okay. Anything else on the remaining items on the Secretary's Agenda? Okay. The Treasurer moves approval of the balance of the

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Secretary's Agenda, seconded by the Comptroller. All

in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay." The ayes have it. Let's move to General Services. We have Senator Bobby Zirkin who joins us here, one of the great leaders of Baltimore County. And also with us is Kevin Manning, who just flew in from, Mr. President where did you fly in from?

DR. MANNING: Florida.

GOVERNOR O'MALLEY: And boy your arms are tired.

DR. MANNING: Sunny Florida.

GOVERNOR O'MALLEY: Sunny Florida?

DR. MANNING: Yeah, it's cold down there.

MR. COLLINS: Governor, may I introduce my -

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GOVERNOR O'MALLEY: Sure.

MR. COLLINS: Agenda, and then --

GOVERNOR O'MALLEY: Mr. Collins?

MR. COLLINS: Thank you very much. Good morning, Governor, Madam Treasurer, Mr. Comptroller,

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Mr. Lieutenant Governor. The Department of General

Services has nineteen items on our Agenda today, including one supplemental. We'll be glad to answer any questions you have at this time.

Governor, the item of interest is a supplemental item on DGS' Agenda, which would be at the, Item 19, having to do with the surplussing of the property that was formerly known as the Rosewood Hospital, Rosewood Center. This is the first step in the process of declaring the Rosewood property as surplus, with the intergovernmental agency review process recommending that the Department move forward and try to negotiate a deal with the Stevenson University as is outlined here. But this is just the surplus disposition process, not the final process. We have to go through the process of working out the numbers, doing all the processes to see, make sure that we have an appropriate deal for the State of Maryland. That deal will come back to this Board as we come to terms with it. This is the introduction in the declaration process.

GOVERNOR O'MALLEY: Okay. So this is merely putting it through the clearinghouse process?

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MR. COLLINS: That's correct, sir. There is also a clearinghouse in this recommendation.

GOVERNOR O'MALLEY: Got you. All right, I know, Senator Zirkin I know that the, this has been of tremendous interest to you and all of the citizens that you represent, and your colleagues in your delegation. Do you want to, whatever you would like to share with us about this?

SENATOR ZIRKIN: Just a couple of little brief remarks. First of all, Happy New Year everyone. And I wanted to thank the Governor on, in terms of the Rosewood issue. I know it was a very challenging decision, it's been a long time coming, but the closing of Rosewood was not an easy decision though I believe it was the right one. And now we're moving forward with this, with the property.

I also wanted to say a quick thank you to Dr. Manning. He was at a national conference of his peers in Florida and he flew back just for this Board of Public Works meeting. And it shows the importance of this issue to the University, but to all of Baltimore County.

I'm speaking on behalf of my entire delegation. We've been working on this for some time. And I know this is just the first step in this process but it's an important one. Stevenson has been working with the community. I've never, in twelve years in office, never seen such support for one project. I've gotten literally thousands of cards and letters and emails from my constituents. Every community organization, every rec council --

GOVERNOR O'MALLEY: In support?

SENATOR ZIRKIN: In support of the process, exactly.

GOVERNOR O'MALLEY: We get cards and letters, too.

TREASURER KOPP: Isn't that nice, yes?

(Laughter)

SENATOR ZIRKIN: I'd be happy to give them to you. And again, recognizing this is the first step in the process but there is an urgency to this. I drive by this property every day and there is an urgency to what's going on at Rosewood. There are buildings that are abandoned, and lots of challenges. And I know that this, I want to thank this Board for

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recognizing the urgency of this Northwest Baltimore County.

And my last comment is just to thank the University for stepping up over the past year. They have been, the President himself has been meeting with community leaders from throughout the area. And the support that I know that there has been a packet given to the Board, I hope you have that, of some of the letters and so forth. But I can tell you that the support for what they've been doing is overwhelming, without opposition out there. And we're all looking forward to working with you over the next however long it takes to make this thing a reality. And that's all I really wanted to come and say, and introduce the President of the University, Kevin Manning.

DR. MANNING: Thank you. Thank you very much. I want to thank all of you --

TREASURER KOPP: Mr. President, before you speak, I want to thank the Senator and say we heard from the whole Fighting 11th. It's very good to see everybody together --

(Laughter)

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TREASURER KOPP: -- on such an important project.

SENATOR ZIRKIN: Thank you, Madam Treasurer.

DR. MANNING: Thank you. And Happy New Year. And I'm happy to be here. I wanted to really just come primarily to briefly explain the context of this, of our interest in this.

First, we, many of you know coming from Villa Julie College, we've expanded, doubled in size over the past ten years. We now have about 4,000 full and part-time students. And as a result of the expansion we've built a campus in Owings Mills. So we have a, basically a 100-acre campus which includes the former Ravens training site, which is next to our campus. And we've built residences for about 1,500 students.

The Rosewood campus is contiguous, right next to the Owings Mills campus. The Lieutenant Governor was kind enough to come to our dedication of our new Brown School of Business and Leadership. And we are now --

LIEUTENANT GOVERNOR BROWN: I want to thank you for naming that after me.

(Laughter)

DR. MANNING: We are now in the process of continuing to expand. We just, I've been telling people if you saw the article in the Sun about the football team that I've gotten more questions about our football team then I ever did when we changed the name from Villa Julie to Stevenson. Everybody is interested in football.

But with all those activities going on we have a need for additional space. We had, going back to 2000 when I first came to Stevenson, we had approached Parris Glendening with basically a very similar project, which was going to be a community project with fields, and a park, and a variety of other things. And here we are back again with the same kind of project. And we feel not only will it benefit the University, but it will also benefit the community as well. And we have a real interest in creating a university town in Owings Mills. We feel that that expansion really benefits us and also benefits the folks that are living there.

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So I appreciate your support and welcome any questions you might have.

GOVERNOR O'MALLEY: Anyone? Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. I obviously generally, I've mentioned to the President that I appreciate his leadership and the fact that Stevenson is rapidly rising through the ranks of institutions. And it's getting a lot of real eminence, and thank you for what you do. And Senator Zirkin, I've talked to you about this plan.

I like the fact that it emphasizes smart growth, and I like the fact that, obviously, the community supports it. My question is for the Secretary, how exactly are we proceeding with these clearinghouse projects? My concern, and it's not specific to you. It's a generic one. Is that we're approving this plan with Stevenson without testing the market to see whatever competitive proposals might be out there from the private sector. And if we are doing that, and if I'm right on that, how do we, how are we confident we're getting the best deal for the State?

MR. COLLINS: Great question, Mr.

Comptroller. Thank you for asking. There's a lot of history to this property which you understand, in terms of the community. There's the County government and various groups. When we realized that the property was going to come available, the Department of Planning, the Deputy Secretary is here today if you need those details, put together a very elaborate intergovernmental process to review and invite proposals. And as a result of that review and proposal process, this property, the recommendation you have in front of you today, is what came up as the preferred direction for us to pursue.

Again, we have not done appraisals. We need to go through the next step to make sure that the return to the State is a fair price, that everything is fair. So we will cross that bridge when we get there, if you will. But at this point this is the direction that the intergovernmental review process recommended and to move forward with the clearinghouse process. But the fair value will be established as we do the appraisal process. And if it turns out that

it's a fair value we'll come back to the Board with this recommendation. If not, we'll have to redo the process all over again.

COMPTROLLER FRANCHOT: And what's the timing on that?

MR. COLLINS: We, in six months or so we'd hope that we can move out on this.

SENATOR ZIRKIN: Mr. Comptroller, if I could?

COMPTROLLER FRANCHOT: Sure.

SENATOR ZIRKIN: There was a County process as well. There was kind of a parallel County process. The County Council through resolution put together a stakeholders group and invited the world to come in and testify. And this group met a number of times over the last six months. Everybody was invited to come in with any ideas, any other proposals that might be out there. And really everybody, the County process really wrapped itself around the Stevenson proposal. There were no other suitors, and certainly no other good suitors. And there was nothing out there. It really was Stevenson stepping up to the plate. So the, and that County process unanimously

supported Stevenson's project, and the County

Executive, and everybody on down the line. But there was a process both at the State --

MR. COLLINS: Right.

SENATOR ZIRKIN: -- and the County where --

COMPTROLLER FRANCHOT: No, I sympathize with that. But I'm, what my concern is that if everybody is declaring ahead of even the appraisal process that we're going to go with Stevenson, for example, I'm not, and County process and I'm not familiar with. But the intergovernmental process is not something I would think that the private sector would be fully and completely informed about. But it's the, it's the, you know, telegraphing of, "Hey, we're going with Stevenson," that concerns me. Because who knows what the private sector might have proposed had it been less of a, less of a, you know what I'm talking about, less of a --

GOVERNOR O'MALLEY: Foregone conclusion?

COMPTROLLER FRANCHOT: Yes.

MR. COLLINS: Matt, why don't you, if you could? This is Deputy Secretary, Department of Planning.

GOVERNOR O'MALLEY: Or shall we call it less of a preordained hope?

MR. POWER: Matt Power, Deputy Secretary of the Department of Planning, Governor, Comptroller, Madam Treasurer, and Lieutenant Governor. I think, as part of the intergovernmental review process we obviously circulated to all of the groups that have been involved, and as you know and Secretary Collins mentioned, there's been a long history with this property. So all of the community groups were notified. All of our sister agencies, local government, the Council, the State delegation. And we received a number of proposals back, four in total.

We had asked in advance of the property going out through the intergovernmental review process, we put together an interagency team that developed a set of guiding principles for this, the first of which is to maximize the return to the State. The second of which is to minimize the cost to the State. The third of which is to make sure that it's

done in a smart growth manner. And the fourth of which was to make sure that we weren't piecemealing this property, which has been the history of it in the past. We wanted a comprehensive proposal to look at the entire property. And certainly in looking at those guiding principles the Stevenson proposal was certainly the most consistent with everything that we had set up in advance of receiving any proposals, or even putting it through the intergovernmental review process.

COMPTROLLER FRANCHOT: But that process doesn't include the private sector, I take it?

MR. POWER: The private sector is eligible to submit proposals through that process. It is primarily an intergovernmental review, and most of the notifications go out to government entities. However, if there have been entities that have contacted us in the past, or had great interest, they were notified as well.

COMPTROLLER FRANCHOT: Okay. Thank you.

GOVERNOR O'MALLEY: Okay. Anything else on these matters? All right. How about any other

matters on the Department of General Services Agenda

items? No? Okay. The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay." The ayes have it. And we now return to our regularly scheduled line up, which is Program Open Space.

MS. LATHBURY: Good morning, I'm Meredith Lathbury representing the Department of Natural Resources. On the Program Open Space Agenda today we have four Local Program Open Space projects, two Rural Legacy projects, and one timber sale. I'm happy to answer any questions you might have.

GOVERNOR O'MALLEY: Any questions on Program Open Space? Hearing none, the Treasurer moves approval, seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay." The ayes have it. We move on now to the University -- no, I'm sorry. The Department of Budget and Management, how could I ever forget?

MS. FOSTER: Governor, good morning.

GOVERNOR O'MALLEY: My constant companion.

MS. FOSTER: Exactly. Good morning, Governor, Madam Treasurer, Mr. Comptroller, Lieutenant Governor Brown. There are nine items on the Department of Budget and Management's Agenda for today. I would like to withdraw Items 8 and 9, and I'll be happy to answer any questions you may have.

GOVERNOR O'MALLEY: Any questions, Department of Budget and Management? Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes, Item 4?

MS. FOSTER: Yes. Item 4 is a contract to provide childcare payment services for the DHR childcare subsidy program. And on Item 4 we have Dr. John Smeallie here.

DR. SMEALLIE: Good morning, Governor, Mr. Comptroller, Madam Treasurer. Thank you, Secretary Foster. The project that you are asking about, as the Secretary just told us, is for the processing of payments for childcare providers. And as you know, the Department of Early Childhood Development, or Division of Early Childhood Development in our

Department, has taken over since 2006 functions that were with the Department of Human Resources. The purpose of this childcare subsidy program is to provide financial assistance with childcare costs to eligible working families.

This project, or this proposal, will shift that work to a vendor and take it out of, with the collaboration of the Department of Human Resources, the limited resources that are available now to process. We currently face a significant backlog in payments to these childcare providers. By moving it to the contractor we expect to eliminate that backlog, process payments quickly, and also make available the resources at DHR to attend to other aspects of their work that have fallen behind as they've lost positions. I'd be happy to answer any questions. I have with me here Dr. Rolf Grafwallner, who is the Assistant State Superintendent for Early Childhood Development. If you have specific questions about the program itself he'd be happy to answer those.

COMPTROLLER FRANCHOT: Since the winning bid is significantly less than the second bid, and substantially less than the third and fourth bids, are

you confident that the winning bidder can, fully understands the scope of the work, and can do the work for the amount proposed?

DR. SMEALLIE: We are confident. It is a significant difference. This winning bidder scored highest in the technical aspects of the proposal as well as having the lowest bid. They have a significant infrastructure already in place in Maryland. We suspect that that's part of the reason that they were able to come in with such a favorable bid. We have experience with them. They do this work elsewhere. And the bid evaluation led us to believe that they are eminently capable of doing the work at the cost proposed.

COMPTROLLER FRANCHOT: Thank you. That was my question.

DR. SMEALLIE: Thank you.

TREASURER KOPP: Could I just follow up for a moment? The Comptroller raised a very good question. And I know the company, it's a fine company. It is a major company, and that may be it. But the bids were so extraordinarily different. Do

you, do you see that often, first of all? And

secondly, when you do see that sort of thing, what do you do to follow up? I mean, these are huge differences.

DR. SMEALLIE: They are huge differences. I think the primary factor here is the one of infrastructure, and the experience already underway. This is a somewhat larger difference than we're used to seeing, but we have seen proposals across the Department in other areas where there is a significant difference. It's often because of the fact that they have the technical processes in place, and they already have the equipment in place.

TREASURER KOPP: But doesn't, what is it, Maximus? Was it Maximus?

DR. SMEALLIE: Maximus is also --

TREASURER KOPP: I mean, there are other major companies, too.

DR. SMEALLIE: They are major providers. Perhaps without the infrastructure here in place as well in Maryland. And I'm going to look to Dr. Grafwallner if he wants to add anything to us, because

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he was more involved in the review of the bids than I was personally.

TREASURER KOPP: I mean, they are both answering the same questions with the same input, and criteria.

DR. GRAFWALLNER: Yeah, basically it's the infrastructure because there are no start up costs involved in terms of IT, personnel that needs to be hired. They basically can just hire additional workers who can do the data entry with respect to the invoice processing. We think, we checked that particular aspect because of those gaps in terms of the bids that came in. And we really wanted to make sure that we don't have a situation later on that's going to be regrettable.

TREASURER KOPP: Yeah.

DR. GRAFWALLNER: And so we have good certainty and guarantees that that company can get going, add the additional personnel, and get the job done efficiently.

COMPTROLLER FRANCHOT: Would you please, or the gentleman behind you, make sure that the Board is

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notified of any change orders to this contract as it proceeds? Because I know there are dollar amounts that would bring it back here. But I would be interested if in fact they can do this for the amount they bid, and would like to just say whatever the amount is if there is any change, significant change order, if you could inform us.

DR. GRAFWALLNER: Okay. Thank you.

GOVERNOR O'MALLEY: Okay. Mr. Comptroller?

COMPTROLLER FRANCHOT: Items 8 and 9 I understand are being withdrawn, is that the --

MS. FOSTER: Yes.

TREASURER KOPP: At the request of the Chief Executive Officer of the Agency.

COMPTROLLER FRANCHOT: Well, I totally respect the Chief Executive Officer and the Chair of the Board. But I just wanted to make sure that Item 9 comes back to us because this is an extraordinarily important item for the, you know, for the system that the Treasurer so ably leads. But this is not, I'm not quite sure what the concerns are but I hope that we get this back to us as quickly as we can. Because --

MS. FOSTER: I spoke with the Executive Director yesterday and he asked that this be withdrawn until he had an opportunity to talk with Chairmen Currie and Conway in regard to this item. DLS had sent a letter, and I think he wanted to follow up and get their concurrence that they were comfortable with this.

COMPTROLLER FRANCHOT: Okay.

TREASURER KOPP: Let me just say for the record I agree completely with it.

COMPTROLLER FRANCHOT: Yeah, and I --

MS. FOSTER: I am on board, too.

COMPTROLLER FRANCHOT: I mean, this is --

TREASURER KOPP: We all do. We know this is a great need.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR O'MALLEY: Who is the Chair?

TREASURER KOPP: I am the Chair, he is the Vice Chair. But Mr. Kenderdine is the Executive Officer and he wanted a chance, I believe, to speak to the joint committee representatives in the Legislature. But this is a very great need. And I think the entire Board supports it very strongly. And

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I appreciate all the work that the Secretary did to get it on the Agenda.

GOVERNOR O'MALLEY: Okay. So that's withdrawn. Anything else on the DBM Agenda? All right. The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay." The ayes have it. We move on now to the University System of Maryland.

SECRETARY MCDONALD: Mr. Stirling passing through, Happy New Year.

MR. STIRLING: Happy New Year. Good member, Governor, members of the Board. Jim Stirling for the University System of Maryland. We have five items on today's Agenda. I'd be happy to address any questions you might have.

GOVERNOR O'MALLEY: Mr. Stirling, all of these people are leaving as a --

TREASURER KOPP: Nothing personal.

GOVERNOR O'MALLEY: -- vote of no confidence in your presentation.

MR. STIRLING: What can I say?

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GOVERNOR O'MALLEY: All right, hearing none
the Treasurer -- I'm sorry, Mr. Comptroller?

COMPTROLLER FRANCHOT: I want to wish Mr.
Stirling well. I know you had a recent health problem
and --

MR. STIRLING: I appreciate that.

COMPTROLLER FRANCHOT: -- we're all thinking
of you.

MR. STIRLING: I'm back in business.

SECRETARY MCDONALD: I think it was that
Penn State winning the bowl game that got him back
out.

MR. STIRLING: That did it. I wasn't
allowed to drink beer, but I watched the game.

SECRETARY MCDONALD: There you go.

GOVERNOR O'MALLEY: Anybody? Okay. The
Treasurer moves approval of the University System of
Maryland, seconded by the Comptroller. All in favor
signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed? The ayes
have it. We move on now to --

MR. STIRLING: Thank you.

GOVERNOR O'MALLEY: DoIT.

MR. SCHLANGER: Good morning, Governor, Madam Treasurer, Mr. Comptroller, Lieutenant Governor. Elliot Schlanger, Department of IT. This morning we have three items on the Agenda. I'd like to point out that we're bringing back Item 3-IT as a supplemental from the December 16th meeting. This item requests the Board to approve a contract between the Lottery and GTECH, who will supply a turnkey central processing facility for the video lottery program. The issue, as you recall, centered on the legality of the Board's approving the contract, under which a contractor would be paid from future proceeds of the program rather than using funds from an identified current appropriation. A memo from the Deputy Attorney General John Howard, Jr. was submitted to the Board on January 3rd expressing the view that there was no legal impediment to the Board's approval of this contract. So with that we'll take any further discussion or questions at this time.

TREASURER KOPP: Could I just ask one question about Item 1 before we get to the others? Just Item 1 --

MR. SCHLANGER: Sure.

TREASURER KOPP: -- you have, do you have the items before you to, I, in the modification description, I don't have a real problem. But Item 2, parentheses 2?

MR. SCHLANGER: Right.

TREASURER KOPP: I keep reading that and don't understand what it's saying. "Improve tracking of lost to follow-up infants with upgraded system queries?" Is there another way of saying that that would --

MS. VAUGHAN: Hi, I'm Linda Vaughan, I'm Director of the Infant Hearing. I'm sorry, ask me again what you have a question --

TREASURER KOPP: Well, see the modification descriptions, one, two, and three? Number two, I keep reading the words and not, I think I get the thrust of it but I'm not sure.

MS. VAUGHAN: I think this is just jargon from our process.

TREASURER KOPP: Well, I think it might be. But I even tried to figure out the jargon.

MS. VAUGHAN: But in essence what it is is that one of the emphases that we need to put on our program is to make sure that we are improving our systems to follow those children, those babies that we've lost to follow up by making sure that first, we know that they are lost to follow up, where they are, and who they are, and improve our systems. We previously, we did not have the ability to --

TREASURER KOPP: So this is just to --

MR. COLMERS: At 30,000 feet, what this means is, this is a system to track certain newborns for hearing. And so what happens occasionally is that in tracking, in doing the test when you may find it positive, it is no longer then part of our system. These children are then receiving services elsewhere. They may get it from a private pediatrician, or else on occasion we may lose track of whether or not they are actually getting the services after we've

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identified that they've been screened as having a potential hearing problem.

TREASURER KOPP: Oh, okay. So you're changing your database to see that you can follow up -
-

MR. COLMERS: That we're better able to track those children and the services that they are receiving.

TREASURER KOPP: Lovely. Thank you very much.

MR. COLMERS: That's in English.

MS. VAUGHAN: Thank you.

TREASURER KOPP: Thank you, Mr. Secretary.

GOVERNOR O'MALLEY: Any other questions?
Yes, sir?

COMPTROLLER FRANCHOT: On Item 3, the State Lottery Commission, GTECH, whatever, that you brought up earlier. I continue to have some concerns, and I may be old school here but I believe no appropriation, no contract. But that's what we were always instructed, as I recall, in the Legislature on. And so I continue to be concerned about us entering into a

contractual obligation before a source of funding has been formally established. And I'd just like to ask Ms. McDonald, how frequently is the BPW asked to approve government contracts under this scenario? And my purpose, I appreciate my colleagues for allowing this to be looked at for several weeks. My purpose is whether we end up preempting the spending authority of the Governor or the Legislature by these types of, you know, activities, and whether this is a slippery slope that we're getting onto here?

SECRETARY MCDONALD: The quick answer to your question is not frequently. I can't really remember seeing this type of contract where the money was coming next session. I don't remember that being pointed out on a contract before. Obviously, there was one in 1991, the Attorney General wrote the opinion. In every Board item for a contract there is a field that says Fund Source, and that Fund Source shows us the code for the funds. And the Board staff and the Board members take the fact that that Fund Source is filled out, that field is filled out, to mean that there has been a fund certification in the paperwork because they don't enter into a contract

without the fund certification. COMAR requires the fund certification.

But I understand Mr. J.B. Howard is here. He has confirmed the advice that the Board received from Greg Bedward, the Board's counsel, that the State can't make an expenditure, but they could enter into this contract. And I also understand that there's operating money that they have in their budget, that that's probably what they're using for their fund certification at this point.

So anyway, I don't know if you want to talk to Mr. Howard, or Ms. Foster, or anyone from the Budget on it. But anyway, the short answer to your question about the Board, we do not see these contracts regularly which is why it was an issue that took a little while to resolve for you from the AG's Office.

COMPTROLLER FRANCHOT: And Madam Secretary, your assessment is that they can use those dollars that they have --

MS. FOSTER: Yes.

COMPTROLLER FRANCHOT: -- currently without a budget amendment?

MS. FOSTER: Yes. The Lottery Agency currently has \$4 million. They have these funds in their VLT operations budget. There is not a need to do a budget amendment. And it is sufficient funds for them to go forward and use in this fiscal year. Obviously, we will be putting together the Governor's 2011 budget with anticipation of providing additional funding in this area.

COMPTROLLER FRANCHOT: Right. I don't have to hear from Mr. Howard. I appreciate his opinion, which I read. And I don't want to contest it, but I don't particularly agree with it from a standpoint of how the spending authority normally is allocated. But let me ask a question about the contract itself. Do we, this was sent out to thirty-two potential bidders apparently, Mr. Secretary?

MR. SCHLANGER: I'm going to bring down my colleagues from Lottery who can --

COMPTROLLER FRANCHOT: Is the Lottery here?

MR. HOWELLS: Good morning. Robert Howells, Director of Procurement for the State Lottery Agency.

COMPTROLLER FRANCHOT: If I could ask, I guess my question is, if it was sent out to a large number of vendors, was it you said?

MR. HOWELLS: The vendor list included thirty-two potential vendors, yes.

COMPTROLLER FRANCHOT: Okay. There's almost a, it's an almost \$40 million contract to provide hardware, software and equipment. I assume there are a number of companies that do this for the gaming industry. Given the dollar value, why did we only get two responses?

MR. HOWELLS: Many of the vendors that it was sent to, sir, were MBE vendors, to get their participation. There are only three companies in North America that provide these types of services to other lotteries and other VLT operations. The third company that did not bid did attend our pre-proposal conference. They are a newcomer to the North American market. And they indicated that based on other business requirements that they just were not prepared to go forward and submit a proposal on this particular project. So Scientific Games was the other offeror in

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addition to GTECH. They are the two major players in North America. It is a fairly limited number of companies that provide these services, as it is with all of our lottery side business. It is not a very large pool of potential contractors.

COMPTROLLER FRANCHOT: Well, while I've got you here let me ask about Ocean Downs --

MR. HOWELLS: Yes, sir.

COMPTROLLER FRANCHOT: -- because that came up last time and, you know, the concern was that a delay in the contract, that the slots parlor in Ocean Downs was going to be, had already been delayed, I take it, because of some construction problems.

MR. HOWELLS: That's correct.

COMPTROLLER FRANCHOT: But then someone else jumped up and said, "Yeah, but they may want to open up a temporary facility in May."

MR. HOWELLS: That's correct.

COMPTROLLER FRANCHOT: What's the status of Ocean Downs?

MR. HOWELLS: There is a meeting with the Lottery in Ocean Downs this Friday to discuss the time table and the status of the construction there, sir.

COMPTROLLER FRANCHOT: And it, is that a serious suggestion, that there would be a temporary site while the permanent site is being resolved?

MR. HOWELLS: It is still a possibility, yes.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR O'MALLEY: Okay, anything else on those matters?

COMPTROLLER FRANCHOT: I'm going to vote against this one.

GOVERNOR O'MALLEY: Okay. What's this item? We'll call it separately.

SECRETARY MCDONALD: This is 3-IT.

GOVERNOR O'MALLEY: 3-IT? Okay. We're calling --

SECRETARY MCDONALD: So Items 1 and 2 are one package, and Item 3 would be another.

GOVERNOR O'MALLEY: Calling 3-IT, the Governor moves approval --

TREASURER KOPP: Second.

GOVERNOR O'MALLEY: -- seconded by the Treasurer. Thank you. All in favor signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed?

COMPTROLLER FRANCHOT: Nay.

GOVERNOR O'MALLEY: The Comptroller votes no. How about the remaining two items? Okay, for the remaining two items, the Treasurer moves approval, seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed? The ayes have it. And we move on now to --

MR. SCHLANGER: Thank you.

GOVERNOR O'MALLEY: What's left?

SECRETARY MCDONALD: Ms. Swaim-Staley.

GOVERNOR O'MALLEY: Oh, my favorite department, tied for first place. Transportation?

MS. SWAIM-STALEY: For the record, Beverley Swaim-Staley representing Maryland Department of Transportation. We have eight items. Items 2-C and 3-M have been previously revised. I'm available for questions.

GOVERNOR O'MALLEY: How's the ICC coming?

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MS. SWAIM-STALEY: Well, not as well as we would hope given all the bad weather and the rain that we've had, but they're still progressing. You can see a lot of complete work with regard to this contract.

GOVERNOR O'MALLEY: Yeah, I see the flyovers on 95.

MS. SWAIM-STALEY: So we would wish that we had not had so much rain.

GOVERNOR O'MALLEY: Right. Yeah, the rain got in the way of that a little bit, the rain got in the way of cover crops, too.

TREASURER KOPP: Talking about the weather, do we have any estimate, I mean, of what the cost of the snowstorm was?

MS. SWAIM-STALEY: Yes. Around \$27 million. That's not just State Highway, that obviously includes, you know, MTA, keeping rails clear. We actually had an active weekend, that weekend of snow at the Ports because we had to keep the facility open. We had freight coming in at the Pier of Dundalk on Monday. But the interesting thing was that we had

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a cruise come in that Sunday and go out. So we had true winter cruising this time here in Maryland.

GOVERNOR O'MALLEY: It's very Nordic.

MS. SWAIM-STALEY: The Port did a great job. They had it clear for people to get to their cars --

TREASURER KOPP: I remember there was a concern about that.

MS. SWAIM-STALEY: So we were pleased about that. The cruise ship company actually held the, the lead, the parting vessel in the evening to make sure that if folks that had problems getting in from, you know, the Airport --

TREASURER KOPP: You didn't need an ice breaker to go out?

MS. SWAIM-STALEY: So that seemed to work pretty well. And then, of course, we also had to keep the Airport clear. We did not, the Airport, we only closed the Airport when there were no flights. We did not delay or cause any flights not to be permitted to come into Maryland, which, but eventually by that Saturday afternoon, of course, most airlines were not flying. So we did close the Airport. So that \$27 million encompasses all of those things. And remember

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just like, people maybe didn't think about, most of our snow events are not statewide. I mean, they tend to be Western Maryland, or Central Maryland. This was very unusual because it was virtually every county, and the average in every county was near to twenty inches. So it was significant.

TREASURER KOPP: Well, good work.
Favorable.

GOVERNOR O'MALLEY: The Treasurer moves approval, seconded by the Comptroller. All in favor signal by saying, "Aye." All opposed? The ayes have it. And does that conclude our Agenda? It does.
Thank you all very much for your attention.

(Whereupon, at 11:42 a.m., the meeting was concluded.)

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