

February 9, 2011

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STATE OF MARYLAND
BOARD OF PUBLIC WORKS
GOVERNOR'S RECEPTION ROOM
SECOND FLOOR, STATE HOUSE
ANNAPOLIS, MARYLAND

February 9, 2011

10:14 a.m.

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;

CHIP PRICE, Associate Director, Community
Resilience, Local POS, Community Parks and
Playgrounds, 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: Good morning, everyone, and welcome to February 9, 2011. This is Wednesday. You are at the Board of Public Works. There are many people who are watching us from home via the web. And so we're going to begin, as we always do, by asking my colleagues in government if they have any opening thoughts or comments. Mr. Comptroller? Madam Treasurer?

TREASURER KOPP: Governor, before the Comptroller says anything I would, I would like to just note, for those of you who know her and those of you who don't, the passing this week of our principal counsel from the Treasurer's Office, former Assistant Attorney General for the Pension Office, and for DBED, Barbara Swain. Who was just a, not only an outstanding attorney and team member wherever she was, but an extraordinarily lovely, intelligent, decent, and hardworking person whom we will miss very much. And I know the sympathy not only of the Treasurer's Office but of the entire State goes out to her family. And I just want to thank you all for your interest and

support over the past year as she struggled with illness.

GOVERNOR O'MALLEY: Thank you, Madam Treasurer. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor. I'm happy to report for the first time in five years I don't have anything to say.

(Laughter)

GOVERNOR O'MALLEY: Well we will go immediately to Wallace Loh --

(Laughter)

GOVERNOR O'MALLEY: We are joined in our Meet the President Series by our new President of College Park, our flagship institution of the University of Maryland System. And so I wanted to ask President Loh to give some, to say whatever you would like with us. Share how have you found Maryland so far?

DR. LOH: Well thank you very much, Governor O'Malley, and Treasurer Kopp, and Comptroller Franchot. I really very much appreciate this invitation to meet with you briefly. And thank you

for inviting me on a day when College Park has no Agenda items.

(Laughter)

DR. LOH: It's been wonderful. And I am happy to say that this is my 100th day in office. Which means I have surpassed the record of Benjamin Hallowell. For those of you who may not remember, he was the first President of the University of Maryland. It was at that time called the Maryland Agricultural College. And he lasted all of thirty days.

(Laughter)

DR. LOH: Because he said that the thirty-seven boys, the inaugural class of that college, gave him a headache. But the 37,000 students here, of course, inspire me. And it is a great University. I am very honored to head that University.

Let me just say briefly that, as the Governor said, and made us all proud, when he mentioned in the State of the State the Kiplinger Magazine has ranked College Park as the fifth best value in public higher education in this country, both in terms of its quality and its affordability. And I

want to thank the Board. You have all been very strong supporters of higher education, particularly of College Park, and we're very, very grateful for that.

So the University has improved dramatically and very quickly in the past ten to twelve years. I just want to say very briefly that I want to pledge to you that during the next ten to twelve years of my presidency, I do plan to remain that long, that we will continue this ascendent trajectory of the University. And my priorities will be number one, innovation, entrepreneurship, and research. Over the next ten years our goal for the University at College Park is to double the research funding, external funding; to create one hundred new companies, ten a year for the next ten years. Number two -- oh, and to promote the mind set of innovation throughout the whole curriculum. Which means, of course, unleashing the creativity, the imagination, and the vision of our students so that they create better futures for the people of Maryland.

Number two, we are very committed to the Governor's goal of the 55 percent college completion.

So the emphasis will be on student excellence and student achievement. No state can lead this country, no nation can lead the world, without having a significant proportion of the population be college graduates, and particular in the areas of the STEM disciplines. And those are the areas, of course, that we're strong.

Number three, the third priority will be increasing internationalization of the University. Bringing the best students from around the world to College Park, sending our students to the world. So that they adopt this global perspective as necessary.

And fourth and finally, to develop a new vision for the 21st century. This is the University of Maryland. It is a university of and for the people of Maryland the vast resources and the intellectual resources of this University should be put to use to improving the lives and the communities of the State, beginning with College Park and Prince George's County. So we're going to work very closely with the community in areas of transportation, in areas of healthcare, in areas of housing.

And so let me just conclude by saying the University has, today is much better, much stronger than it was twelve years ago. And twelve years from now it will be better and stronger than it is today. Thank you for your support of the University.

GOVERNOR O'MALLEY: Thank you, Mr. Loh, President Loh, Wallace. Whenever I ask him, "How should I, what should I call you?" He always says, "Wallace."

(Laughter)

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Well I appreciate, Dr. Loh, you being here, and it's terrific to hear from you in person and meet you. And I like you for a couple of reasons. Number one, you are described in the newspaper as a youthful sixty-five. That's a great way to move forward. But I also appreciate the fact that although you have a law degree and you're a lawyer, you also have a PhD. in psychology. And that, I'm sure, will be used as you navigate the next ten to twelve years --

DR. LOH: Well me also explain what kind of lawyer I am.

COMPTROLLER FRANCHOT: Yeah?

DR. LOH: Because, well, I know there are many lawyers in this room, including at this table in front of me.

TREASURER KOPP: Not me. I'm the only one who's not.

(Laughter)

DR. LOH: Mr. Comptroller, I am a public interest lawyer.

COMPTROLLER FRANCHOT: Uh-huh.

DR. LOH: It's in the public interest that I no longer practice law.

(Laughter)

COMPTROLLER FRANCHOT: Excellent. If I could just ask a serious question about your background, because you were born in China and educated, at least up through high school, in Peru. What perspective does that bring? What do you bring to our State as far as that background?

DR. LOH: I think two perspectives. One is a sort of a global perspective, recognizing the interdependence of the world today. And a perspective, particularly as it applies to this country, and I'm an immigrant. And when I came here at the age of fifteen with \$250 in my pocket, which were the life savings of my parents, knowing very little English, no family, no friends. But this country provided me an opportunity. An opportunity really based upon education. And so what I am today is because of the opportunities that this country has provided. And I tell you this story not because it is about me. I tell this story to every entering freshman class. That if a Latino-Asian can come to this country and eventually become President of the University of Maryland, if I can do it, so can you. It is because it is really about the story of the American Dream. And that is the perspective I bring to this position.

COMPTROLLER FRANCHOT: Thank you, Governor.

GOVERNOR O'MALLEY: Thank you. Mr. President, thank you for your leadership of this great

University. When I walked the campus shortly after President Loh's address I must have had twenty students say to me, or actually they didn't say it to me, they approached you and said, "You were really great yesterday." And kids wouldn't do that if it weren't true. So you've tapped something there. And there's a lot of energy on the campus, and tremendous optimism and believe in the future. And we wish you every success in continuing to tap into that energy that is our youth. So thanks very, very much for coming in.

DR. LOH: And thank you for your support of the University.

TREASURER KOPP: Dr. Loh, let me just say I was on the campus last weekend and have been several times over the last few months. And almost every time I have seen you walking around, just the President walking around, talking to the individual students, faculty, group, getting to know his University. It was something that I found very impressive and very reasonable. You will be the leader of a great team. And as you know, College Park is part of a great

University System. And I see you leading that system along with the former College Park President, the present Chancellor. And I think it's just a terrific team for all of us.

Later on on the Agenda we're going to be coming to an authorization of a general obligation bond issue for March for the State of Maryland. And I will tell you that I have every hope of being, continuing to be one of the few states in the nation to have a AAA bond rating. And one of the major reasons for it is our well educated and well trained workforce and citizenry. And a great deal of that is because of our great system of public higher education.

So you are very important not only to the education and the economy of the State, but even to our bond issues. For which I thank you very much.

DR. LOH: And thank you for your support for higher education in this State.

TREASURER KOPP: It's a pleasure.

GOVERNOR O'MALLEY: Okay.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Now Mayor Willey is here on which aspect --

SECRETARY MCDONALD: Secretary's Agenda Item 6 is --

GOVERNOR O'MALLEY: All right, Secretary's -
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SECRETARY MCDONALD: -- a recommendation from the Department of the Environment --

GOVERNOR O'MALLEY: So it's the Secretary's Agenda?

SECRETARY MCDONALD: It is.

GOVERNOR O'MALLEY: So we'll call our Secretary's Agenda, will be our first item of business --

SECRETARY MCDONALD: Good. Good morning, right. We have twelve items, one report of an emergency procurement. And Item 6 is a grant of \$650,000 to the Town of Easton. I believe Mayor Willey is here.

GOVERNOR O'MALLEY: Mr. Mayor, do you want to step forward? We'll take your item first. And tell us about this item, Mr. Mayor.

MR. WILLEY: That's great. I'm not always first on the Agenda. But this particular project that we have is one that will help the drainage on the east side of Easton. If you're familiar with Easton, as I know you are, figure Aurora Street to Route 50 is the area we're talking about. We have businesses that are flooding, we have homes that are flooding during the periods of heavy rain. This will help them. And as a second positive on this particular project, it also works with the Tred Avon Watershed area to help improve that tributary going into the Bay.

So we're extremely pleased to present this project to you. We've had excellent cooperation from your administration over the last several years with projects that are going on in Town. And this is just one of the next steps that we have to help the folks in Town as well as help improve the Bay Watershed area. So assuming the vote is positive we're ready to call the contractors on the way back to Easton and get them moving.

TREASURER KOPP: What's known as shovel ready?

MR. WILLEY: It's shovel ready. In fact Brian Hall is with me, he's the Assistant Town Engineer for Easton. I think he brought the shovel with me, and we'll drop him off on the way back.

(Laughter)

GOVERNOR O'MALLEY: Well this is a good project, huh? This will, will this be then recreating wetlands that have been lost? Or --

MR. WILLEY: No, this is actually to improve the stormwater drainage. It will be creating new wetlands that are going to flow, it's the next step, they'll flow into the project last year the Waterfowl Festival had with the Bay Street ponds. If you were down for the Waterfowl Festival or anytime since then that's an area where they're looking for the retriever trials and so forth. And then the intersection of St. Michael's Road and the Parkway around Easton, out by the Target store, that's all been replanting, living shorelines and so forth. So this is kind of the last step for that project.

GOVERNOR O'MALLEY: That's great. Any questions on this? Mr. Comptroller?

COMPTROLLER FRANCHOT: I think my agency actually sends you the check so we'll try to get it to you on an expedited basis.

MR. WILLEY: Okay. Well, we can get them to hold on for the check while we start digging.

(Laughter)

MR. WILLEY: But we're ready to go.

COMPTROLLER FRANCHOT: If I could just salute Mayor Willey on another subject. He's been a champion for financial literacy for young people. And Easton is moving forward, or Talbot County is, on developing a finance academy in partnership with the private sector. And the County already requires a stand alone financial literacy course as a graduation requirement for high school. And I want to applaud your leadership, Mayor Willey.

MR. WILLEY: Well you know, it's seldom that you can start a project where you already have 50,000 or 60,000 customers lined up. But that's the K-8 kids on the Eastern Shore that would all take advantage of this Junior Achievement.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR O'MALLEY: All right --

SECRETARY MCDONALD: I was so excited about Mayor Willey I forgot to withdraw Item 12. So Item 12 is withdrawn from your Agenda.

GOVERNOR O'MALLEY: All right. The Agenda -

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TREASURER KOPP: Not Item 6.

SECRETARY MCDONALD: That was Item 6, that stays on.

GOVERNOR O'MALLEY: And the Agenda, the Secretary's Agenda is before us for consideration. Item 12 has been withdrawn. And the Treasurer moves approval of the Agenda items remaining, seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: And the ayes have it. Congratulations, Mr. Mayor. Well done.

MR. WILLEY: Thank you.

GOVERNOR O'MALLEY: Thank you. Let's move on the Program Open Space.

MR. PRICE: Good morning, Governor, Madam Treasurer, Mr. Comptroller. The Department of Natural Resources has three Program Open Space projects on the Secretary's Agenda today. One each in Prince George's, Somerset, and Worcester Counties.

GOVERNOR O'MALLEY: Any questions?
Crisfield Municipal Park Trail, phase four.

MR. PRICE: Right. That's one where we've already received some funding for that. The, we need a little bit more funding so this is the additional funding that we need for that. That's the one where the item actually mentions oyster shell on the printout and we corrected that. It's actually clam shell. But it will be an impervious trail.

GOVERNOR O'MALLEY: Right.

MR. PRICE: Pervious trail.

(Laughter)

GOVERNOR O'MALLEY: Pervious. Pervious and permeable and good. Impervious and impermeable, bad.

Right? I think I've finally got that down. Any questions?

TREASURER KOPP: I think Latin and French, through, per. So it's, per-able means you can go through it. Is that right?

MR. PRICE: Sounds good to me.

TREASURER KOPP: It just occurred to me. I mean, it makes sense. Right?

GOVERNOR O'MALLEY: 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."

(No response.)

GOVERNOR O'MALLEY: We move on to the Department of Budget and Management.

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are ten items on the Department of Budget and Management's Agenda for today. I'd like to withdraw Items 2 and 8. And I'll be happy to answer any questions you may have.

GOVERNOR O'MALLEY: Okay, Department of Budget and Management?

TREASURER KOPP: Just Item 2 we assume will be back soon?

MS. FOSTER: Yes.

GOVERNOR O'MALLEY: Any other questions on the remaining Agenda items?

TREASURER KOPP: I, could I just ask if anyone was here from DHCD about Item 11 going back? I just wonder whether anyone was? I have a question not specifically on this item. It's the Neighborhood Business Works Program.

SECRETARY MCDONALD: That's on mine.

MS. FOSTER: Yeah --

SECRETARY MCDONALD: It's the Secretary's Agenda.

TREASURER KOPP: Yeah.

SECRETARY MCDONALD: But that's okay.

MS. FOSTER: But that's not on mine.

TREASURER KOPP: No, I'm sorry. I just, I was looking for eleven on yours --

SECRETARY MCDONALD: Right.

TREASURER KOPP: -- and I realized it was the wrong one.

SECRETARY MCDONALD: Ms. Gilbert and Ms. Medley? DHCD, anybody representing DHCD on Secretary's Item 11?

TREASURER KOPP: Okay, I'll call them. I just have a question --

SECRETARY MCDONALD: Oh, do you know what? That's probably, I still have to give them, they probably, eleven on the Secretary's Agenda number. So they --

TREASURER KOPP: Yeah.

GOVERNOR O'MALLEY: I can track them down if you like?

TREASURER KOPP: No, no, no, no. Thank you. No. No. Thank you.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed? The ayes have it. We move on to University System of Maryland. I thought you didn't have anything?

MR. EVANS: College Park didn't have anything.

GOVERNOR O'MALLEY: Ah, College Park didn't have anything.

MR. EVANS: Joe Evans representing University System of Maryland. We have nine items on the Agenda today. We're here to answer any questions.

TREASURER KOPP: Are these, will there be more of the Coppin?

MR. EVANS: Ma'am?

TREASURER KOPP: Will there be more of the Coppin items? Or will we have --

SECRETARY MCDONALD: The purchase --

MR. EVANS: For the --

TREASURER KOPP: -- each week a half dozen or so?

SECRETARY MCDONALD: Actually, Mr. Brown why don't --

MR. EVANS: Mr. Brown?

SECRETARY MCDONALD: -- you come and give a quick summary? Because you are continuing, I do know for the next Agenda we have a few things. I think you're still in the middle of a lot of acquisitions?

MR. BROWN: Good morning.

SECRETARY MCDONALD: Just introduce yourself, Steve.

MR. BROWN: Okay. I'm Steven Brown. I'm the real estate acquisition manager for Coppin. We are in the process of buying 210 properties. We have settled on about ninety to ninety-five. I forgot what the full number is. But we're almost at the halfway point of acquisitions.

SECRETARY MCDONALD: So we'll see a few more of them?

MR. BROWN: You will see a few more of this.

TREASURER KOPP: Got it.

SECRETARY MCDONALD: But I think you have it pretty well down to the presentation now, and how we do it.

TREASURER KOPP: Yeah.

MR. BROWN: Yes, we hope --

SECRETARY MCDONALD: So it seems to be working well at this point.

MR. BROWN: Yes, we hope it do.

TREASURER KOPP: Is the City participating? In the neighborhood --

MR. BROWN: In our project, you mean?

TREASURER KOPP: In your project or in the surrounding neighborhood? I mean, this is an issue that goes back years, I know. But I just wondered.

MR. BROWN: Well there's been a lot of change over with the City. But the City does have a great interest in the neighborhood.

TREASURER KOPP: Yes.

MR. BROWN: And there is a renewal plan for the neighborhood, yes.

TREASURER KOPP: There is?

MR. BROWN: Yes, there is.

TREASURER KOPP: And the City is pursuing it, and the City is contributing to it?

MR. BROWN: Yes. It started under Mayor O'Malley --

TREASURER KOPP: Well, I recall that because that's when I was chairing the committee dealing with the Mayor, but I didn't know what had happened since then. Thank you.

MR. BROWN: Okay, thank you.

GOVERNOR O'MALLEY: And a whole lot of individual properties, these are the ones immediately across North Avenue?

MR. BROWN: Pardon me?

GOVERNOR O'MALLEY: Are these the properties immediately across North Avenue?

MR. BROWN: Yes, they are. They are, on North Avenue they go as far south as Baker Street and as far east as Warwick.

GOVERNOR O'MALLEY: And these have been a long, ongoing negotiation. Because some of them were owner occupied and some of them were abandoned.

MR. BROWN: Yeah.

GOVERNOR O'MALLEY: It's, and we took title to everything that was, that we could by way of --

MR. BROWN: Acquisition through negotiations.

GOVERNOR O'MALLEY: And also Program, and also Project 5000 took a number of these, right? I mean, but it's been a long, ongoing assembly. And so when is the, when is the building planned?

MR. BROWN: We have to finish the acquisition, which is scheduled to go through this year, demolition. I would expect, I would expect the construction to be completed two years after we finish the acquisition.

GOVERNOR O'MALLEY: Well it will be a huge help for that stretch of North Avenue, too.

MR. BROWN: It will.

GOVERNOR O'MALLEY: I know the neighbors want it.

MR. BROWN: It's a long, you know, a part of the City that has needed help for a long time.

GOVERNOR O'MALLEY: Anyone who worries about property rights being properly respected need only see just what a labor it is, and all of the things your office goes through in order to make sure that notice is properly made and everyone is given an opportunity. It will be great to see it finally happen.

MR. BROWN: Yes, sir.

GOVERNOR O'MALLEY: Anything else on this?

On these? Okay, the Treasurer moves approval --

MR. BROWN: Thank you very much.

GOVERNOR O'MALLEY: -- seconded by the
Comptroller. All in favor signal by saying, "Aye."
All opposed?

(No response.)

GOVERNOR O'MALLEY: We move on now to the
Department of Information Technology.

MR. SCHLANGER: Good morning, Governor,
Madam Treasurer, Mr. Comptroller. Elliot Schlander,
Department of Information Technology. This morning we
have two items on our Agenda. And I'd be happy to
answer any questions at this time.

GOVERNOR O'MALLEY: Any questions? The
Treasurer moves approval, seconded by the Comptroller.
All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: And the ayes have it.

MR. SCHLANGER: Thank you.

GOVERNOR O'MALLEY: Thank you, Mr.

Secretary. And we move on now to the Department of Transportation. Madam Secretary, good to see you again.

MS. SWAIM-STALEY: Good to see you, Madam Treasurer, Mr. Comptroller. For the record, Beverley Swaim-Staley representing the Maryland Department of Transportation. We have seven items today. Items 1-C and 2-AE have previously been withdrawn. And for the record Item 3-M has been previously revised. And if I could just take one moment to introduce the new Deputy Secretary who may be coming from time to time in my place? Today is his first BPW meeting. He's here to observe. And that's Darrell Mobley, if I can just take a second to --

GOVERNOR O'MALLEY: Hello, Mr. Mobley. Good to see you again. We saw each other in the snow.

MS. SWAIM-STALEY: Yes, so anyway, so he will be, when I am unable to make it he will be coming. I just wanted to introduce him to you all. So we are available for questions on our items.

GOVERNOR O'MALLEY: Questions?

TREASURER KOPP: I would, I would just, you may be interested in knowing as I drove to this meeting today there was a truck off the road on the Beltway, the Outer Loop, having been in some terrible accident between Connecticut and Georgia, near Connecticut. And it was backed up beyond Route 50. I mean, we didn't see the end of it.

MS. SWAIM-STALEY: Wow.

TREASURER KOPP: And it was moving a little bit. But your people had cleared things off, I mean, things were going. But I have, I don't remember when, aside from the snowstorm, I had seen a backup. From Connecticut Avenue to beyond Route 50. That --

MS. SWAIM-STALEY: And sometimes it's worse on the other side from the rubbernecking, it's amazing. Because after the accident is cleared it doesn't --

TREASURER KOPP: Well, that's what made us start looking. You can tell when you're backed up --

MS. SWAIM-STALEY: -- the traffic gets worse because then people are stopping to look to see what's

pulled off to the side of the road.

TREASURER KOPP: Yeah. Yeah, when you're backed up on your side and traffic is running extraordinarily smoothly --

MS. SWAIM-STALEY: Right.

TREASURER KOPP: -- with very little traffic on the other you know further up there is, and there was. But as far as I could tell our Department did well.

MS. SWAIM-STALEY: Thank you.

COMPTROLLER FRANCHOT: Governor, if I could?

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Just the Treasurer has reminded me, as I travel around the State, and this is not your problem necessarily, but the local roads are just in an unbelievable state of disrepair. And obviously part of it is the funding issue, and we don't know what's going to happen to all the proposals for additional revenue. But let's assume that the additional revenue is not forthcoming. Can you look at your budget and see whether there's some way to put a place marker in so we can get some money to these

local jurisdictions and preserve what we have? I mean, it's just, it's literally becoming, I mean, you, this is your business, but it's --

MS. SWAIM-STALEY: Right, and we --

COMPTROLLER FRANCHOT: I mean, we're going to end up paying a huge amount to take care of these.

MS. SWAIM-STALEY: I last fall went out, as well as meeting with the counties, we made special, ten meetings with the mayors to talk about many of their issues. And I know for example in snow sometimes we've actually, our district offices have gone in and helped them plow the snow because of the, you know, the budget issues that they've had. As well as I think ongoing we occasionally, you know, do things as we can.

COMPTROLLER FRANCHOT: I mean, just to give you an example, I was in Southern Maryland the other day. They were putting up what were obviously some pretty expensive guardrails. But they are not necessary, because you can't go on the road there are so many potholes. And, you know, it's, I don't know whether that's your expenditure or someone else's.

But if you could just look and see whether there's some way to postpone some of these bells and whistles we might be doing out there and get the potholes fixed. Because it's, you know, there was a cartoon in yesterday's *Annapolis Capital* of a guy in a dentist's chair. And the dentist was saying, "Hey, you know, this broken tooth is due to the pothole you ran over." I mean it's, it's --

MS. SWAIM-STALEY: Well the winter is very -

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COMPTROLLER FRANCHOT: And it's not, you know, I'm not blaming you.

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

COMPTROLLER FRANCHOT: But I'm just saying, it is bad.

MS. SWAIM-STALEY: And this winter weather is a really, I mean, they pop up literally overnight in, within these kind of cold seasons that we're having now as well. So they are very hard to keep up with --

COMPTROLLER FRANCHOT: You know that --

MS. SWAIM-STALEY: -- even if the locals do

have some funding. Thank you.

COMPTROLLER FRANCHOT: Thank you. Didn't mean to --

GOVERNOR O'MALLEY: Okay. Any other questions? The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay."

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on now to the Department of Juvenile -- excuse me, Department of General Services.

MR. COLLINS: Good morning, Governor, Madam Treasurer, Mr. Comptroller. The Department of General Services has twenty-two items on our Agenda, including one supplemental. Items 11 and 12 have been revised. And we'd be glad to answer any questions you have at this time.

Governor, I would like to note that if the Board approves the construction items on our Agenda today it keeps forty-five jobs in Maryland, and an MBE

of over 33 percent. So these are good news items from our perspective.

GOVERNOR O'MALLEY: Great.

TREASURER KOPP: Good point, right?

GOVERNOR O'MALLEY: Any questions?

COMPTROLLER FRANCHOT: On Item 12, how, did you say that was revised?

MR. COLLINS: Item 12? Yes, sir.

COMPTROLLER FRANCHOT: Could you, Secretary Collins, just comment about the overall kind of generic arrangement we have with CB Richard Ellis to provide real estate services for the State? And if you can just help me understand the benefits that we get from this, I guess, revenue generating contract?

MR. COLLINS: Yes, sir, Mr. Comptroller.

Let me start off, Michael Gaines is actually the person who was responsible for that contract. But let me add as he comes up, we've been in that relationship for about sixteen, seventeen months. It has been a good relationship thus far. And we also, I think the Governor who started us to think about doing things a little bit different. So by the use of this CBRE

contract, if you would, working along with us, we have essentially changed the way we provide services to our customer agencies and certainly to our lessors. So it's been a good relationship and Mr. Gaines can tell you about that.

If you recall that this Board did approve that contract sixteen, seventeen months ago. There was a very robust competition relative to these services. And we are very happy, I think, today with the services we're getting from CBRE.

MR. GAINES: Was there anything specific, Mr. Comptroller, that -- I'm sorry, Michael Gaines, Assistant Secretary, Department of General Services, Office of Real Estate. Good morning, Governor --

COMPTROLLER FRANCHOT: Well let's just take this contract. What did we get from our relationship with CB Richard Ellis?

MR. GAINES: What we got was a professional real estate brokerage that has experience in helping states manage their lease portfolios more effectively and more efficiently. They have been involved in this kind of contractual activity throughout the country,

about fourteen states. And so we've actually purchased a company that has great experience and depth of expertise.

Specifically what we got is a firm that has helped us review our portfolio, negotiate leases since they have been on board. Those negotiations have led to on average about 14 percent savings in our occupancy costs, which over twenty leases, about 680,000 square feet, represents about \$21 million over the term of those leases. So it's been tremendously effective for us.

We've also completed the installation of a new database management system to help us manage the portfolio. We've introduced that system to our client agencies and they have access to review their leases as they are moving forward through the system. We think it's been very, very productive.

COMPTROLLER FRANCHOT: So how does Ellis get compensated?

MR. GAINES: Richard Ellis gets compensated through a commission that a property owner pays, which is quite frankly standard in the industry. When I was

in the commercial brokerage industry, you go to the landlord, you bring a tenant to the landlord, the landlord pays a commission and that commission gets split between the brokers. It is also being instituted that policy throughout many of the states that are doing this kind of contraction, particularly with CB Richard Ellis. And I mean there are others, Stuckey and NDC. The federal government actually, GSA, has a national contract with five large commercial brokers and the commercial brokers are paid their commission by the landlords, the property owner.

COMPTROLLER FRANCHOT: Okay. And so the State has benefitted by saving what amount of money in the seventeen months?

MR. GAINES: Well for the contract, it's a no cost contract --

COMPTROLLER FRANCHOT: Mm-hmm.

MR. GAINES: -- so that's a savings there. And through their assistance we've been able to save over the term of the twenty leases that they have been involved in about \$20 million, \$21 million.

COMPTROLLER FRANCHOT: And what have they

gotten in commissions?

MR. GAINES: I don't have that number at this time.

COMPTROLLER FRANCHOT: If you could figure that out and get back to us?

MR. GAINES: Yes.

COMPTROLLER FRANCHOT: And my request, I guess, is if you could look at, since this is a relatively lucrative area, and we have a number of, as you mentioned, in the competition for this contract, there were a number of qualified groups that applied for it. If you could just take a look at expanding the number of organizations in addition to CB Richard Ellis?

MR. GAINES: I'm sorry, expand the number of?

COMPTROLLER FRANCHOT: Of folks that you do business with because, you know, this is not rocket science. And just take a look at including more of these Maryland-based companies that have expertise in commercial leases. Because I hear a lot around the State that this is, you know, it's good for the State

but it's also tremendously good for this company. And there are lots of expertise out there. And so within the context of your current arrangement if you have some flexibility down the road to open this up to more expertise I think we can further benefit.

MR. GAINES: Well we actually have a three-year contract that has several options to, one-year options to renew. CB Richard Ellis when they came in, when they were awarded the contract, they actually teamed with a firm on the, on the Shore. And I don't remember the name of that firm, but it's a small, local firm that they teamed with to do work on the Eastern Shore.

They also partnered with a minority firm, a local minority firm, that has received about 21 percent of the commissions. And so through their efforts, you know, they have been working with other firms to accomplish these goals.

COMPTROLLER FRANCHOT: Well just, if you could get back to us on the amount of commissions for them and their subs, and also any thoughts you have when the option time comes up for expanding the pool,

I would appreciate it.

MR. COLLINS: Yes, sir.

MR. GAINES: Sure, will do. Thank you.

GOVERNOR O'MALLEY: Okay.

COMPTROLLER FRANCHOT: Move approval,
Governor.

TREASURER KOPP: Governor, can I just take a
moment to ask the Secretary about something completely
different?

MR. COLLINS: Sure.

TREASURER KOPP: Which is energy lease
contracts.

MR. COLLINS: Yes, ma'am.

TREASURER KOPP: We are trying, we are
working with your Department and with the Department
of Budget and Management to get a system in place so
we can measure clearly the savings from these
contracts so that we know that they match the debt
service --

MR. COLLINS: Yes.

TREASURER KOPP: -- on the debt. And can
you just bring me up to date? Have, do we have all

the information we need from your people about --

MR. COLLINS: We, we are working on the data. We have the BITHGROUP contract which you approved two weeks ago --

TREASURER KOPP: Right.

MR. COLLINS: -- which provides for us the data, the processes to get it done. So we have to look at every contract that we have, including those that DGS doesn't manage, get with your staff to make sure that we're giving you the right data. But the system is there to do that. So along with the BITHGROUP process that we have, and working with your staff, and anything included we're going to make that to the CBR database, we can get the information.

TREASURER KOPP: So --

MR. COLLINS: The point is you need to verify, and we need to verify as well as you do --

TREASURER KOPP: Right.

MR. COLLINS: -- that the energy savings are real. And that's how we, that's just how we can do that. So we can at least base our information --

TREASURER KOPP: Not only you, we have to

determine A, that they are real, and B, that they match or extend --

MR. COLLINS: Yes, ma'am.

TREASURER KOPP: -- or exceed the debt service --

MR. COLLINS: Yes, ma'am.

TREASURER KOPP: -- in which case we can say it's a stream of revenue that pays that debt.

MR. COLLINS: Yes.

TREASURER KOPP: And that helps everyone.

MR. COLLINS: Right. Right. Understood.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: 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?

(No response.)

GOVERNOR O'MALLEY: And the ayes have it. And that concludes our Agenda. Thanks very much.

(Whereupon, at 10:53 a.m., the meeting was concluded.)