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

June 6, 2012

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P R E S E N T

GOVERNOR MARTIN O'MALLEY, Presiding;

HONORABLE PETER FRANCHOT, Comptroller;

HONORABLE NANCY KOPP, Treasurer;

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

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

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

DARRELL MOBLEY, Deputy Secretary,  
Department of Transportation;

EMILY WILSON, Department of Natural  
Resources;

ZENITA WICKHAM-HURLEY, 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: Welcome everyone to the June 6, 2012 Board of Public Works. Mr. Comptroller, any opening thoughts?

COMPTROLLER FRANCHOT: Thank you, Governor and Madam Treasurer. I hope everyone has been enjoying the weather we have been having, and I wanted to wish everyone a Happy Belated Memorial Day, and just give my persons sincere thanks to everyone who has served and is currently serving in our country's defense.

Of course, over Memorial Day Weekend there took place an even that had a distinct Maryland feel to it. And I'm mentioning the NCAA Lacrosse Championships occurred. With all due respect to the jousters out there there is no question that lacrosse is the official sport, team or otherwise, of Maryland. And our State on Memorial Day was the center of the lacrosse world as Loyola and the University of Maryland squared off against each other in the men's

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final. I want to congratulate Loyola on their tremendous accomplishment and also salute the Terrapins for another wonderful season. And I'd also like to further extend my congratulations to Salisbury University. The Seagulls won their tenth, tenth NCAA Division 3 Championship. That's why the Gulls are known as the UCLA of the Shore.

The great sportswriter Frank Deford once wrote that "lacrosse has always been the showcase for the flower of Maryland manhood." Well, I think we can edit that to include all Marylanders. Because once again the lady Terps made it to the women's lacrosse final four. And while they didn't win the title this year they do have more national championships than any other women's program. And it might be noted that Kelly Amonte, the coach who has built a lacrosse dynasty at Northwestern, just won her seventh title at eight years, learned her craft of lacrosse while playing and graduating from the University of Maryland.

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So again, congratulations to all the student athletes who represented their schools and our State so admirably throughout the season. And here's to another all Maryland final in both men and women's lacrosse next year.

TREASURER KOPP: Comptroller, something you would like to hear from the Deputy Treasurer?

COMPTROLLER FRANCHOT: Yes? Is she a lacrosse player?

MS. BROGAN: A lacrosse fan.

COMPTROLLER FRANCHOT: Oh.

MS. BROGAN: But the University of Florida women's lacrosse team made it to the final four as well. And 16 of their original 24 players are from Maryland as well.

COMPTROLLER FRANCHOT: Well we're going to have to correct that.

(Laughter)

COMPTROLLER FRANCHOT: Bring them back. No, but that's a --

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TREASURER KOPP: Yeah. I mean, Maryland is the home of --

COMPTROLLER FRANCHOT: It is the center --

TREASURER KOPP: -- the center of women's lacrosse.

COMPTROLLER FRANCHOT: -- of the lacrosse universe.

TREASURER KOPP: They might not realize it.

GOVERNOR O'MALLEY: Madam Treasurer?

TREASURER KOPP: Good morning. You may not know looking out that it's spring, but it is. We look forward to being outside enjoying it in very short order.

(Laughter)

GOVERNOR O'MALLEY: Okay. Our condolences go out to the family of Marine Sergeant Julian Chase of Edgewater, Maryland, who was conducting combat operations on our behalf in the Helmand Province on Memorial Day and was killed in action. And his age was 22. Secretary's Agenda?

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Seventeen items on the Secretary's Agenda this morning, two reports of emergency procurements. We are withdrawing Items 5, 6, and 7. They will come back to the Board at a later date. Secretary Skinner is here on Item 13, and we can answer questions on any of the rest of the items for you.

GOVERNOR O'MALLEY: Any questions, Secretary's Agenda? Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. I'm delighted that Items 5, 6, and 7 are being withdrawn because as you know that apparently these were going to, well how do I describe this, assign a confiscatory rate to three great restaurants in the Inner Harbor that were trying to do pier improvements to increase their businesses and improve business and hire people in the Inner Harbor. And these three restaurants, Hard Rock Café, Dick's Last Resort, and Phillips Seafood, which is an iconic business here in Maryland, were being

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charged by the Maryland Department of the Environment \$378,000 in one instance, \$584,000, and then \$780,000 for Phillips Seafood. \$175 a foot assessment for redoing one of their barges or their pier. And we asked about this and nobody in the premeetings was willing to put their hand up and take responsibility for it. But it's obviously ridiculous. It would stop dead in its tracks --

GOVERNOR O'MALLEY: What item is this?

COMPTROLLER FRANCHOT: This is Items 5, 6, and 7.

GOVERNOR O'MALLEY: Thank you.

TREASURER KOPP: But it's been withdrawn.

COMPTROLLER FRANCHOT: And so I'm delighted that they are being withdrawn. And I hope when they come back they will have a little sensitivity to the difficulties that are going on right now in the economy and work with these businesses to make some kind of a reasonable assessment. The highest assessment I've seen for non-water use I think \$32 a

square foot in Annapolis. But \$175 a square foot for these three businesses would be a nonstarter. And these improvements would not happen, and jobs would not happen, and customer service in the Inner Harbor would not happen. So I hope when they come back before us next, I guess I take it at the next session, that there will be a much more reasonable charge. You know, why should State agencies pull this out of these businesses? You know, I understand budgets are tight and I guess they are looking to beef up their own general funds. But this was clearly not acceptable. So whenever it comes back I hope it has a better decision for us to present.

GOVERNOR O'MALLEY: Anybody want to provide the back story on this since we're talking about it now?

SECRETARY MCDONALD: They are, Cordish Power Plant Company is the owner of a property down on the Inner Harbor you may be familiar with.

GOVERNOR O'MALLEY: Mm-hmm. Right.  
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SECRETARY MCDONALD: And he rents it, the Cordish Company rents it to three restaurants, as the Comptroller was saying. The three restaurants are Phillips, Hard Rock Café, Phillips Seafood, and Dick's Last Resort.

GOVERNOR O'MALLEY: Mm-hmm. And we pulled it because?

SECRETARY MCDONALD: And last year a wetlands license was granted to Dick's Last Resort by this Board last summer in order that they could make a restaurant seating on their pier. If you've been down to that area --

GOVERNOR O'MALLEY: Yeah, I'm very familiar with it.

SECRETARY MCDONALD: -- I'm sure you're familiar with it, it's all kind of covered over now. It's actually kind of, what used to be navigable water has got these restaurants on top of it. Exactly.

GOVERNOR O'MALLEY: I'm very familiar with it. I used to be Mayor there, before I was Governor.

(Laughter)

SECRETARY MCDONALD: I know. I know you knew just what it was like. But some of these have changed even since then. Before I think as these piers were going up they were used for a place for people to wait in line --

GOVERNOR O'MALLEY: Right.

SECRETARY MCDONALD: -- for, to go to the restaurants. And then there was seating, and then there was some temporary coverings. And now they are basically turning it into new square footage of restaurants.

GOVERNOR O'MALLEY: Anybody here from MDE?

SECRETARY MCDONALD: We have the wetlands administrator here, Mr. Doldon Moore is here. He was prepared to address the whole matter and then --

GOVERNOR O'MALLEY: Mr. Moore, come on up. The Comptroller wants to talk about this so we're going to talk about it.

SECRETARY MCDONALD: We also, I don't know if, is Mr. Setzer here from the Environment?

MR. MOORE: No.

SECRETARY MCDONALD: So the Environment Department did not show up because the items were not --

GOVERNOR O'MALLEY: Do you know about this one?

MR. MOORE: Yes, sir.

GOVERNOR O'MALLEY: Okay. And what kind of fee were they assessed last time and why is it different this time?

MR. MOORE: Two of the piers were assessed a total of, a mitigation fee of about \$36,000. Back in '97-'98 they were not assessed compensation by the Department.

GOVERNOR O'MALLEY: Not assessed compensation?

MR. MOORE: Compensation.

GOVERNOR O'MALLEY: What is compensation?

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MR. MOORE: Compensation is based on two appraisals that the applicant provides to my office.

SECRETARY MCDONALD: Okay. But I think we need to get the difference between mitigation and compensation.

TREASURER KOPP: Yeah.

SECRETARY MCDONALD: Mitigation.

MR. MOORE: Mitigation is for environmental, direct environmental impacts.

SECRETARY MCDONALD: The Department of the Environment --

MR. MOORE: And the number that they use is based on \$74,000 per acre of impact, which comes out to about \$1.72 or \$1.73 per square foot of impact.

SECRETARY MCDONALD: And compensation is --

MR. MOORE: Yes, compensation is based on the fair market value.

SECRETARY MCDONALD: But what is it for? To compensation the State for --

MR. MOORE: It's to compensate the State for privatization of State property.

SECRETARY MCDONALD: There you go.

GOVERNOR O'MALLEY: Of the water?

MR. MOORE: Of the water, yes. Under the, basically the public trust doctrine. Public lands being used for a private use.

GOVERNOR O'MALLEY: Are these regs? Are these law, or what?

MR. MOORE: It's based, yes. It is in COMAR. What COMAR directs me to do is by assessing compensation is to have two appraisals done by the applicant and provide it to my office. What I do on top of that, not based on COMAR but based on just procedure, is provide them to the Office of Real Estate for Department of General Services to go ahead and make their assessment. They provide comments back to me. In this particular case the two assessments came in, one came in at \$110 per square foot, the

other came in at \$175 per square foot. DGS agreed that the \$175 was fair market value.

GOVERNOR O'MALLEY: Mm-hmm.

MR. MOORE: And then I am required to bring to the Board the highest of the approved appraisals, based on COMAR.

GOVERNOR O'MALLEY: Mm-hmm.

MR. MOORE: But then it is the Board's choice to accept MDE's and my recommendation or to assess compensation at another rate or no rate. The only, the one case I can bring is when we did Maryland Broadband.

GOVERNOR O'MALLEY: Right.

MR. MOORE: There was compensation on those cables. And the Board decided, you know, not to assess any fee at all.

GOVERNOR O'MALLEY: Got you. And the, and so now there is how many restaurant pads? There were three before and there's three there now?

MR. MOORE: No, there was only two.

GOVERNOR O'MALLEY: There were two? And now there's three?

MR. MOORE: Now there's three. Dick's Last Resort was constructed last year with the understanding that it would come back to the Board and have compensation assessed. The other --

GOVERNOR O'MALLEY: And the other ones, you did mitigation but you didn't do compensation?

MR. MOORE: No.

GOVERNOR O'MALLEY: Why?

MR. MOORE: I don't know. The record is not clear. I went through the Board's records --

SECRETARY MCDONALD: Well but they also, it is a completely different project --

MR. MOORE: Different, right.

SECRETARY MCDONALD: -- now that they are asking a new license, for a new, than what they did in '97. In '97 they put up a pier.

GOVERNOR O'MALLEY: Right. And on the old ones --

SECRETARY MCDONALD: And now there's a restaurant.

GOVERNOR O'MALLEY: On the old ones you did the mitigation costs according to COMAR and brought it to us and we approved it, but you didn't do a compensation and the Department didn't?

MR. MOORE: Yes. And I wasn't in the position here so that's just based on the record. And I didn't find any reason why compensation was not except --

SECRETARY MCDONALD: Well my understand from MDE, if they were here, is that they now feel that these new things are more than piers. That they are restaurants.

GOVERNOR O'MALLEY: No, they are floating restaurants. That's right.

SECRETARY MCDONALD: So they --

GOVERNOR O'MALLEY: Although one wonders how much they are doing to the aquatic life --

SECRETARY MCDONALD: Well apparently they are not.

GOVERNOR O'MALLEY: Okay.

SECRETARY MCDONALD: That's why they are granting, they recommend the license be granted and they don't recommend mitigation.

GOVERNOR O'MALLEY: Mm-hmm.

SECRETARY MCDONALD: But they recommend since it is State land and now it's going to be not State land, basically, because it's private use, that they pay the commercial square footage rate.

GOVERNOR O'MALLEY: There is some question as to, you know, when covering over the water becomes too much.

MR. MOORE: Correct.

GOVERNOR O'MALLEY: I mean it is part of the, I mean, I'm sure there's not, you know, we're not extinguishing the life of any eel grass beneath it.

MR. MOORE: No.

SECRETARY MCDONALD: No.

MR. MOORE: No. And there is --

GOVERNOR O'MALLEY: Okay. All right. Well this will all be a lot of fun when you come back next time.

(Laughter)

SECRETARY MCDONALD: When it comes back. Absolutely. We have a lot of issues to go over with a lot of people.

MR. MOORE: And I do plan on meeting with the tenants in the next few days.

GOVERNOR O'MALLEY: Yeah. And find out why they, why there wasn't a, maybe you can dig around a little bit and find out why there wasn't a compensation thing ordered before.

SECRETARY MCDONALD: But he will be working with the tenants, but ultimately the licensee is the owner of the property, Cordish.

GOVERNOR O'MALLEY: Right.

SECRETARY MCDONALD: And so Cordish, any of this that would be down to his benefit would be his.

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And so the tenants, we will definitely be talking with the tenants in the restaurants. But Mr. Cordish should be involved as well --

GOVERNOR O'MALLEY: That's a wonderful, it sounds like a nightmare law school problem.

(Laughter)

GOVERNOR O'MALLEY: Okay. Thanks.

COMPTROLLER FRANCHOT: Governor, if I could?

GOVERNOR O'MALLEY: Sure.

COMPTROLLER FRANCHOT: When you bring it back my concern is not your jurisdictions, it's the amount. When you say to Phillips --

MR. MOORE: Correct.

COMPTROLLER FRANCHOT: -- I mean, they are not building anything new. They are just renovating some existing structure that's there. That they have to pay \$780,000 to MDE for, you know, its general fund use that strikes me as a, A, a large amount, probably going to start the project when we need projects like this moving forward; and you know, it just raises

questions about who is regulating that and moderating it to make sure that it's not confiscatory, which is how this struck me.

MR. MOORE: And I'm very sensitive to that. We definitely don't want to stop the projects.

GOVERNOR O'MALLEY: And it will all come back here. And you're doing what the regs say that you are supposed to do.

MR. MOORE: Yes, sir.

GOVERNOR O'MALLEY: And so when it comes back here the Board, I assume, has the legal authority to adjust it at their discretion to do --

SECRETARY MCDONALD: The discretion to do, exactly.

MR. MOORE: Yes, sir.

GOVERNOR O'MALLEY: Okay. And that's what we'll do. Thank --

TREASURER KOPP: And Governor?

GOVERNOR O'MALLEY: Sure.

TREASURER KOPP: I assume you are also going to look into the question of the legality of the building on the piers?

SECRETARY MCDONALD: Well that's another issue is that, you know, there is a law, yes, a statute --

TREASURER KOPP: -- so I mean, we want to have everything here when we vote --

GOVERNOR O'MALLEY: Hold on. Let's have one person talk at a time. I'm sorry. Madam Treasurer?

TREASURER KOPP: I apologize. I talked over the Secretary. Just we want all the issues clear before we vote, that what we are doing is in fact legal.

SECRETARY MCDONALD: Right. We do have, the Attorney General has looked at it because we had that question in our office before presenting it. We had the Attorney General's Office looked at the fact that structures are prohibited on piers in the State of Maryland except for exceptions. And they felt that

this fits into an exception. And there is an Attorney General advice that, I mean not advice, but consultation all in the report and recommendation from MDE. They prepared that in consultation with the Attorney General and assured the Board that this fits into an exception to the prohibition.

TREASURER KOPP: Okay.

SECRETARY MCDONALD: But you are correct. There is a prohibition on having any structure on a pier precisely so you don't come to this issue, that a pier becomes somebody's property on the State, right.

TREASURER KOPP: Exactly. Right.

GOVERNOR O'MALLEY: Adverse position. Open and notorious for 20 years. Can you adversely possess the waves, I guess. So, and let me, and one of these piers was built without getting the permits up front, I'm guessing?

MR. MOORE: One of them was expanded beyond the scope of the --

GOVERNOR O'MALLEY: Of course it was.  
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MR. MOORE: -- square foot.

GOVERNOR O'MALLEY: Of course it was. I would expect nothing less. Okay. All right, thanks a lot. That was fascinating.

MR. MOORE: Thank you. More to come.

GOVERNOR O'MALLEY: Okay. Anything else on the Secretary's Agenda, Mr. Comptroller? Madam Treasurer?

SECRETARY MCDONALD: Would you like to hear from Secretary Skinner --

TREASURER KOPP: Yeah.

GOVERNOR O'MALLEY: Oh sure, yeah.

SECRETARY MCDONALD: Okay. Item 13, Secretary Skinner, you have a rental housing work project in Randallstown? And maybe you were going to tell us about the program?

MR. SKINNER: Yes. Good morning, Governor. Good morning, Madam Treasurer and Mr. Comptroller. I just wanted to very briefly talk about the new program that's part of Item 13. This is the first project

that's being funded under this new initiative that we call Rental Housing Works. Typically our projects don't come to the Board, but this project is being funded and this program is being funded with State GO Bonds as part of the Governor's job creation package in the 2013 capital budget.

So we expect this program, we expect to fund up to 20 projects, again, that will come to the Board with this program using \$17.5 million in capital funds. And the program would create about 1,300 jobs and build or rehab about 2,000 units of affordable rental housing. There is a tremendous demand now for affordable rental housing. We predict a shortage of some 125,000 units through the year 2015. And we saw with the Recovery Act money that we received from the Obama administration that there is a great demand for these funds. We were able to, we got about \$110 million in Recovery Act money for, just specifically for rental housing. We were able to fund 28 projects using that money. But more importantly, we were able

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to create 1,600 direct jobs, build about 2,400 units of affordable rental housing, and put about \$2 million into the coffers of the State and local governments in annual property tax revenue.

So there is a great demand for this money now. Last year with our low income housing tax credit program, for example, we received about 58 applications. We were only about to fund 12. So there is pent up demand on the part of developers to use this money. In fact we worked with the development community through their association, the Maryland Affordable Housing Coalition, to suggest this program. We went to the Governor, suggested that we have these additional funds put in the capital budget.

We'll use them in conjunction with our mortgage revenue bond program. We have an abundance of bond cap that we need to deploy. So we'll issue bond, do a bond loan, and then use the Rental Housing Works money to fill gaps in those projects.

So again, we think this is an effective and efficient use of State resources and we look forward to working with the Board on these projects as they come forward.

GOVERNOR O'MALLEY: Great.

MR. SKINNER: Thank you.

TREASURER KOPP: If you have a map of need and of median income? I don't know, do you divide it regionally? Or --

MR. SKINNER: We do it, we actually have a, the shortage that I mentioned, the 125,000 units?

TREASURER KOPP: Right, right, exactly.

MR. SKINNER: We have that by county. So you can, we do have it by county. You can see the shortages by county.

TREASURER KOPP: I'd be --

MR. SKINNER: And we can make that available to you. I don't think that we actually mapped it but we have a chart --

TREASURER KOPP: Right.

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MR. SKINNER: -- with each county listed and the numbers. So we can make that available to you.

TREASURER KOPP: And I guess this, the, we can extrapolate what the median income is by the income and --

MR. SKINNER: The median income, as you know, varies from region to region.

TREASURER KOPP: Right. Yeah.

MR. SKINNER: And typically these units are targeted at 60 percent of the area wide need.

TREASURER KOPP: Right. No, I see that. But what I don't know is what the area median income is.

MR. SKINNER: Okay.

TREASURER KOPP: I mean, I get the idea.

MR. SKINNER: For --

TREASURER KOPP: And just, to help me understand, to put a human face on it.

MR. SKINNER: Okay. Yeah, this is, this project is in Baltimore County. I believe the area

median income in the Baltimore region is about \$85,000. I'm looking at my staff over there.

TREASURER KOPP: Families --

MR. SKINNER: Yeah, it's about \$85,000.

TREASURER KOPP: Okay.

MR. SKINNER: Okay, thank you.

GOVERNOR O'MALLEY: Okay. Any other questions on anything on the Secretary's Agenda? Okay. Madam Treasurer? 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. Now we move on to Real Property Department of Natural Resources.

MS. WILSON: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Emily Wilson, Maryland Department of Natural Resources. We have four items

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on our Agenda today. I'll be happy to answer any questions you may have.

GOVERNOR O'MALLEY: A lot of cost share projects, huh?

MS. WILSON: I'm sorry?

GOVERNOR O'MALLEY: A lot of cost share projects? Agriculture?

MS. WILSON: No, that's on the Secretary's Agenda.

GOVERNOR O'MALLEY: Oh, I apologize.

MS. WILSON: This is the DNR Agenda.

GOVERNOR O'MALLEY: Oh, we already approved that?

MS. WILSON: Correct.

GOVERNOR O'MALLEY: Got you. I'm lagging behind. All right. The Treasurer moves approval --

TREASURER KOPP: I, I --

GOVERNOR O'MALLEY: I'm sorry?

TREASURER KOPP: -- I do have one question. I think it's yours. The area in Washington County

around the War Correspondence Arch at the State Park? My question, which is totally tangential, 1A, is what do we do to let the public know about the War Correspondence Arch? I remember being there for recutting the ribbon, or something. But then never heard, never see much about it.

MS. WILSON: Right. Well we do have a, we feature it on our website. And it's part of, the Maryland Park Service for the last few years has done a program called Park Quest, which is a program to get families out in the parks across the State. And the War Correspondence Arch is actually a part of that Park Quest.

TREASURER KOPP: It is really quite a dramatic story --

MS. WILSON: It is absolutely a breathtaking scene. If you've never been there, I highly, highly recommend it. It is absolutely, it's just gorgeous.

TREASURER KOPP: Well I'm, I'm glad we're doing what we can to make it more obvious and accessible. Thank you.

GOVERNOR O'MALLEY: That Mullen property is a huge expanse, huh?

MS. WILSON: A huge?

GOVERNOR O'MALLEY: Expanse.

MS. WILSON: I didn't hear you. It's a huge?

GOVERNOR O'MALLEY: In Charles County --

MS. WILSON: Mm-hmm.

GOVERNOR O'MALLEY: -- there's one that's called Mullen property?

MS. WILSON: Right. Mm-hmm.

GOVERNOR O'MALLEY: Can you tell us a little bit about that?

MS. WILSON: Sure. It's, it's a property that's going to be next to the Mattawoman Natural Environmental Area. And Marbury Creek runs through it, which runs into the Mattawoman. So it's very

ecologically significant. We're very excited about it.

GOVERNOR O'MALLEY: I've got to go down and see that. Okay. 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: We now move on to the Department of Budget and Management.

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are 27 items on the Department of Budget and Management's Agenda for today. We'll be happy to answer any questions you may have.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: On Items 19, 20, and 21 - I notice that these are a request, Madam Secretary, for five contract extensions. Or four

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extensions, I guess. We two weeks ago did five, so this five plus four is nine. And then there are three modifications. What struck me was that there is a form letter that went along with all of these requests that essentially had some perfunctory language.

"Although the department believes it started the renewal process in a timely fashion, unexpected delays with the review process precipitated the need for this extension." And I guess my reaction to that is obviously it wasn't started in a timely fashion, otherwise they wouldn't be here. And maybe someone could comment on what the unexpected delays were? Since there seems to be quite a few of them, since this same language is used in all, many, several of the letters.

MS. FOSTER: Those items are Department of Health and Mental Hygiene. Deputy Secretary Thomas Kim is here and I think he's prepared to answer your questions.

MR. KIM: Good morning, members of the Board. I'm happy to answer your questions. As far as these items I can talk about them individually. I'll start off by adding to the conversation that we had last Board meeting in terms of our efforts to really get a hold, our arms around our entire nature of our contracts. Meaning that we need to understand what the contracts are, when each and every contract will expire, and then understand where we are in the process of either renewing that particular service or deciding whether or not a particular contract will expire without any type of renewal.

That being said, we have shared with, since that Board meeting, the results of our six- to eight-month effort in this capacity with the Board staff. And that we're looking right now straight at the facts in that we have 145 contracts that are on time, scheduled for approval prior to an expiration date. We have four contracts that are, now I'm talking globally here, I'm not talking about specifically the

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items that you see before you, we have four contracts that are behind schedule. Meaning that we've identified all the stations required to have something approved, from our procurement shop, to the AG's office, to the control agency, etcetera. And four items have slipped behind the schedule. And we have 32 items that are categorized as red, meaning that they will potentially require forgiveness and/or no bid extensions. Okay? So 32 representing a little over 20 percent of all of our contracts that we find in that particular category.

The items that you see before you are quite honestly a result of the fact that many of the items were believed, now that's a passive phrase here, to have started on time when in fact the start of a, to get the ball rolling on these particular contracts in my estimation should have started much, much sooner. And that if there are particular decisions or critical adjustments for, in terms of adjusting the specifications, they have to be identified well in

advance in a way that is transparent to everybody. Meaning that if a program thinks something is starting on time that may not be the reality when it comes to all the stages necessary to have something approved.

So you know, we feel that we have a handle on what we're seeing right now. I think that what you're seeing are things that we have known that would be coming before in this type of, in this status. When we started this engagement about six to eight months ago we knew that once we knew what was in front of us there would be a triage exercise for which we would be coming to the Board with items of this nature.

COMPTROLLER FRANCHOT: So there are, Mr. Lee, additional unexpected delays that are going to be scheduled for future Board action?

MR. KIM: Correct. And what we plan to do, Mr. Comptroller, is to flush them all out. As I had mentioned last meeting, we did anticipate a big bump that just has to be flushed out. And we do plan to

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come before this body later this summer to flush them all out in that nature. So.

COMPTROLLER FRANCHOT: Well if, perhaps in that process you could indicate a little more specifically what the unexpected delays are? And you know, with all due respect --

MR. KIM: Of course.

COMPTROLLER FRANCHOT: -- skip the boiler plate language about we assumed these were going to be done in a timely fashion. Because they weren't. And I'll look forward to reviewing those. Thank you.

MR. KIM: Of course. We'll be happy to meet with you.

COMPTROLLER FRANCHOT: Thank you, Governor.

GOVERNOR O'MALLEY: Sure. Any other questions? The Comptroller moves approval of the Department of Budget and Management Agenda, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

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GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: We move on now to the University System of Maryland.

MR. STIRLING: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Jim Stirling for the University System. We have six items on the Agenda today and I'll be happy to address any questions.

GOVERNOR O'MALLEY: Any questions, University System of Maryland?

TREASURER KOPP: No, except I'm glad to see things continuing on the Physical Sciences Complex.

MR. STIRLING: It's moving right along. That crane is, if it's not completely down it's coming down.

TREASURER KOPP: Yeah, I was there. I saw it, yeah. No, it's very good to see. And I gather they have or are going to have throughout one of those little cameras so you can review the process?

MR. STIRLING: I believe they have a time lapse camera set up on that site.

TREASURER KOPP: Yeah.

MR. STIRLING: I can send you an email with a link to that.

TREASURER KOPP: Governor, Item 3-C?

GOVERNOR O'MALLEY: Mm-hmm.

TREASURER KOPP: The Comptroller will be particular interested. When this is done, this is the new physical sciences complex at College Park? This is going to be the state of the art center for physical sciences, perhaps in the United States. Just an outstanding long term project that's going to make a huge difference, not just to the University and its department but I think honestly to the nation.

GOVERNOR O'MALLEY: It's a good one. All part of our Bio 2020 drive forward.

TREASURER KOPP: Well it is. It's interesting. It's the Physical Sciences Complex, but at College Park we have brought together the physical

and life sciences into a college basically. So there is a lot of biological science, cross fertilization, a lot of coordinated work, study, research, and teaching that is really the path that other universities are not following. This integration, it's a great thing. Great, great thing.

COMPTROLLER FRANCHOT: I thought when you first mentioned it you said fiscal sciences.

TREASURER KOPP: No, physical sciences.

COMPTROLLER FRANCHOT: But no, physical, yes. (Laughter)

GOVERNOR O'MALLEY: Okay. 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.  
Thank you.

MR. STIRLING: Thank you.

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GOVERNOR O'MALLEY: Department of  
Information Technology.

MR. SCHLANGER: Good morning, Governor,  
Madam Treasurer, Mr. Comptroller. Elliot Schlanger,  
Department of Information Technology. This morning we  
have eight items on our Agenda. I would like to call  
your attention to Item 8-IT. This is an item where  
we're asking the Board to approve a notice to proceed  
on phase two of the statewide public safety system.  
As you recall we were asked to do some homework on  
this item. There were some issues that were raised  
during the meeting of the 23rd of May. To that end,  
Secretary Hurley and I have submitted a letter to the  
Board in which we believe we have addressed each and  
all issues related to project scope and MBE. And at  
this point we would be happy to answer any questions  
on Item 8-IT or any other issues on our Agenda. Or  
any other items on our Agenda, excuse me.

GOVERNOR O'MALLEY: Anyone? The Comptroller  
moves approval --

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TREASURER KOPP: No, except to say, Governor, I was at a meeting of the Maryland Health and Higher Education Financing Authority yesterday morning at the World Trade Center. And as I walked into the World Trade Center I saw a lot of people gathered around in front of it to essentially cut the ribbon on the first interoperability, not contract, but my understanding was somebody could stand there and call at least five or six different regions of the State. Which sounds like pretty simple, but it has taken a long while to get there. And I think it's going to make Maryland and Marylanders a lot safer. At any rate, that's what I told the folks upstairs.

GOVERNOR O'MALLEY: Mm-hmm. That was a great day. Thank you for mentioning it. Elliot, thank you. Outstanding job of pulling that together. Andy Lauand, who worked on the team with first responders from all over the State, we had a lot of, we had a lot of catching up to do after the attacks of 9/11. Everybody in their own, doing their own

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individual thing. Different technologies, radios that couldn't talk to each other. And now we're all moving towards the same point on the horizon. And this first opening will cover about two-thirds of the State's critical infrastructure and a third of the State's population. And that will be followed by, you know, other chunks of the State as time goes on, over the course of this next year and a half. And it's a real big accomplishment. So thank you both.

MR. SCHLANGER: Thank you.

TREASURER KOPP: It was very exciting. It is amazing it took so long.

GOVERNOR O'MALLEY: Clear as a bell, too. I did the first call.

TREASURER KOPP: Really?

GOVERNOR O'MALLEY: Yeah, called all around the place. Even I could operate it.

(Laughter)

GOVERNOR O'MALLEY: Okay. The Treasurer --

TREASURER KOPP: Elliot, I just have one other request. I would like to learn more, offline, it has nothing to do with this contract particularly, but Item 7-IT? As we progress on the Medicaid Enterprise Restructuring, I'm just interested in how that goes along. If you could be in touch? I don't know whether it's you or Mr. Kim that's --

MR. SCHLANGER: So we'll make sure that we will find time to brief you as appropriate, Madam Treasurer.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Okay. The Treasurer moves approval -- no, I forgot the order here. 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: The ayes have it. We move now to --

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MR. SCHLANGER: Thank you.

GOVERNOR O'MALLEY: -- the Department of Transportation.

MR. MOBLEY: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Deputy Secretary Darrell Mobley with MDOT. MDOT is presenting 15 items for approval. Items 3, 9, and 11 have been revised. And Item 15 is a supplemental item. We'll be happy to answer any questions that you may have.

TREASURER KOPP: I move a favorable on the Agenda, Governor.

GOVERNOR O'MALLEY: Okay. Seconded by the Comptroller. All in favor signal by saying --

COMPTROLLER FRANCHOT: Yeah, if I could just ask about Item 13?

MR. MOBLEY: Yes. Mr. Comptroller, Item 13 is a disposition of SHA owned surplus land located in the southwest quadrant of the Maryland 355 interchange with Montrose Parkway to Montgomery County for public purpose in the amount of \$2.233 million. I do have

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Andy Scott here from the department that can provide a little bit more details on that.

MR. SCOTT: The proposal before you is to dispose of excess State Highway property in the White Flint area. It's along Rockville Pike just south of Montrose Parkway, about 3.8 acres. It's going to be, under this arrangement it's going to be sold ultimately to federal realty investment trusts for the purposes of creating a transit oriented development project. They have a, plans were incorporated into overall a 24-acre project, mixed use, housing, residential, retail, creating walkable streets, it's near the Metro station. And it's part of a broader initiative. This will be the first project under the White Flint sector plan which you may have heard of, which is going to redevelop that entire area into a more walkable, transit oriented area.

Just this spring we designated the area as a transit oriented development under the Governor's TOD legislation, which means that we're partnering with

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Montgomery County to promote TOD there. And this transaction, the property will be used for TOD. And we're using the proceeds of it to support the infrastructure plan that's in place.

COMPTROLLER FRANCHOT: No, I'm a huge fan of this.

MR. SCOTT: Great.

COMPTROLLER FRANCHOT: Because it's going to create jobs and tax revenue reduce congestion. And obviously it's going to increase the use of other mass transit in addition to, because I take it you connect with the Red Line?

MR. SCOTT: Yes, absolutely. It's all centered around the White Flint Metro Station.

COMPTROLLER FRANCHOT: Excellent. Job well done.

MR. SCOTT: Mm-hmm.

TREASURER KOPP: Mr. Scott, as I understand it this transaction will essentially free up what is now underutilized space, most of it parking lot on the

Rockville Pike, and allow us to in the end see a garage built at the Bethesda Conference Center, in which the State has an interest. It's a small part of the White Flint sector development, which is a multi-decadal development. And sort of stands on its on in that we are not at this point taking a role and are committing through this action, I understand the role of MDOT, through this action the rest of the plan which extends a much larger area up and down the Rockville Pike. Is that correct?

MR. SCOTT: That's correct. I mean, you are right. It is underutilized property right now. It will be put to higher and better use for this one project. It is the first of what will be many projects over two decades that will be built out.

TREASURER KOPP: Well we presume it will.

MR. SCOTT: Yes.

TREASURER KOPP: But this is the county planning and zoning and development. This is not our planning, zoning, and development.

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MR. SCOTT: Correct.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: All right. 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: The ayes have it. We move to the Department of General Services.

MR. COLLINS: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Al Collins, Secretary for DGS. We have 19 items on our Agenda today. Item 2 has been revised, and Item 9 is recommended for being, will be withdrawn. We'll be glad to answer any questions you have at this point.

GOVERNOR O'MALLEY: Any questions? No? Okay. The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

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GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: And it passes. And that concludes our Board of Public Works Agenda. Thank you very much.

(Whereupon, at 11:10 a.m., the meeting was concluded.)