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BOARD OF PUBLIC WORKS  
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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, 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: Thank you all very much for being here. Good morning, we have an exciting morning. We're going to hear from some young people that are doing the most important work of all in this world, the great work of restoring our environment for future generations. I think, I'm going to ask for Board members' permission to take them first, because I'm told you all have exams later today. Is that true?

(Laughter)

GOVERNOR O'MALLEY: What's that? Well, let me ask the Comptroller and the Treasurer for any opening comments they might have.

COMPTROLLER FRANCHOT: Thank you, Governor. It's great to be here. I'm looking forward to hearing about the restoration project in the Bay. But I would like to mention that I hope everyone, I know it was some time ago, but I hope everyone had a good Memorial Day holiday, and I hope you're enjoying the arrival of the summer season.

And we know during summer it's a great time to travel, and I frankly have been traveling around Maryland for the last few weeks. I've been conducting an economic listening tour across Maryland and I've really enjoyed that experience. Obviously it's tinged with the fact that we're in a historic recession and the national economy is still suffering. But what I learned was really inspiring from people on the front lines that are employing people and working hard to stay economically viable.

And I was particularly struck by the incredible diversity of Maryland. Obviously, it's one of our strengths. The coal industry in Western Maryland; to the biotech, IT, and cybersecurity companies in Central Maryland; the defense industry in Southern Maryland; all the way to the poultry industry on the Eastern Shore. Just an amazing variety of entrepreneurial skill.

Just one quick example from Silver Spring: a company called United Therapeutics that frankly I hadn't, wasn't really knowledgeable about. Here's a company that ten years ago was just an idea that one

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of the inventors and entrepreneurs had to create some new drugs for pulmonary hypertension. Well, now in downtown Silver Spring they employ hundreds of people, they're valued in the billions of dollars, and made everything from cells. And sitting down with them you couldn't help but be impressed that this looks like the future for Maryland. Good paying jobs with good benefits, medical breakthroughs, working with the federal government but basically using their own entrepreneurial genius. And it just struck me that there are lots of United Therapeutics out there.

Governor, I know you're working on proposals to increase venture capital funding of these new technology and new medical breakthrough companies, but such an eye opener. And you know, they sat down there, and they had their top leadership there. And they said, "You know, we like Maryland, we want to be here. We're growing in Maryland. We're going to build something in North Carolina because we have to be down near the something that's down there in Research Triangle that's going on. But we're going to build another building here in Silver Spring." And it

just struck me, I know we turn ourselves inside out sometimes to get these big out of state companies to come, and they always pit us off against neighboring states, and we end up with one of these, you know, bazaar-type, not bizarre, bazaar-type activities where we're constantly in some kind of an auction to get them. Here's something, I think, it's totally home grown, very successful, a lot of potential down the road, and as I said, that was one of dozens of examples that I ran into.

They did have one complaint. They said if you could call Montgomery County and get them to hurry up our permits, that would be good. They said, "Other than that, we don't want anything, we just want to work with you guys and make the economy good."

And so we've got tourism and healthcare, and wineries, frankly, are popping up all over the State. It's a diverse and dynamic economy. It's not going to be held back for very long. I met not only with small employers but also labor representatives, faith leaders, and nonprofits. They all included in everything they told me a sense of pride about living



in Maryland and working in Maryland, and a sense of great optimism for the future.

So as we get down to the business today I just wanted to reinforce the fact that I'm inspired by all of these people out in our great State that are working so hard to survive, to position themselves for the future. And I appreciate the fact that we're streaming this out now, perhaps some of them are listening, because we're going to do our part to try to get the maximum we can from their tax dollars. And we need to show them that State government is sacrificing with them. As they face the challenges of their private sector world we need to link up with them and make us ourselves as efficient and effective as possible. And I want to reinforce, again, it was a wonderful experience, and one that I plan on making an annual event because it's just a real education.

TREASURER KOPP: It's fun.

COMPTROLLER FRANCHOT: Yeah, it's fun, it's education. I guess the Treasurer's been out also?

TREASURER KOPP: Yeah, actually we were last week in Western Maryland in Hagerstown visiting

schools and their wonderful museum of fine art, which is starting expansion. Anyone in the State of Maryland who has not been to that museum really has a great treat in store for them. If they go and visit it is one of the best and most wonderful secrets of the State. Western Maryland is a wonderful part of the State anyhow, I believe. I'm a mountain, western sort of person. But that museum, and the new schools, and the School for the Arts, just is a terrific experience. I know you've been there.

COMPTROLLER FRANCHOT: Yes.

TREASURER KOPP: I know the Governor has been there. And all I can say for the Treasurer is she hopes to go back again soon. Good morning.

GOVERNOR O'MALLEY: We really have some, for all of the, for as difficult as these times are, and as daunting as the big, you know, sometimes intimidating global challenges are. Put global in front of anything --

TREASURER KOPP: Yes.

GOVERNOR O'MALLEY: -- and it's usually followed by something intimidating, scary, or

apprehensive-causing. Global climate change, global terror, global recession. The fact of the matter is, we sit in the middle in Maryland of the strongest innovative economy in terms of an economic region, especially if you want to add Virginia to it, but even on our own, we have one of the strongest innovative economies in the world when it comes to science and security, cybersecurity, life science, biotech. So that's why, you know, they are some of the strongest horses but they also create that ripple effect for small businesses. And the United Therapeutics, all of those folks go to lunch --

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR O'MALLEY: -- and they all need to go to the dry cleaner. So it helps all of our business, which is why we're proud of what we've rolled out in terms of the BIO 2020 Vision for Maryland. And even in the middle of the recession we were moved from fourth place ranking among the fifty states to the second best state in the country on biotech.

Three weeks ago, with very little fanfare, our federal government announced that the Joint Cyber Command, all of the cyber defense assets of our nation's armed forces, you know, Army, Air Force, Navy, Marines, are all going to be co-located, 21,000 jobs, at Fort Meade near NSA. And yesterday in the *Baltimore Sun* was the article about MRAS in Middle River, Middle River Aircraft Systems, that built the Martin Marauder B-26 that helped us win the Second World War, is now adding 200 employees because of new orders that they have for things coming up.

And so Aerospace 2020, Cyber 2020, BIO 2020, I mean, this is where our State's headed. Which is one of the reasons that we are, have had two months in a row of positive job gains, the first time that has happened in twenty-four months. Two years in a row of positive job gains, and why there's every reason to believe that we can continue to outpace the rest of the country and maybe, you know, lead our State out of this recession.

So let's hear from the Restoration Project. What one is that on?

SECRETARY MCDONALD: This is Secretary's Agenda, Item 8.

GOVERNOR O'MALLEY: Secretary's Agenda, Item 8. Come --

SECRETARY MCDONALD: Mr. Moore, come up, in addition to the folks from Chesapeake Middle School. This is a recommendation from the Wetlands Administrator.

GOVERNOR O'MALLEY: Chesapeake Middle, come on down.

SECRETARY MCDONALD: That the Board of Public Works grant a wetlands license for the 2.2 acre artificial reef that the eighth graders at Chesapeake Middle School have designed. Mr. Moore, do you want to give a quick --

GOVERNOR O'MALLEY: And if we are duly impressed with this, I am going to provide free of charge for you, at Mr. Matt Gallagher, our Chief of Staff's direction, not that we ever charge for these things, but we're going to provide an absolutely free and red carpet tour of the Governor's Office following this before you go back --

(Laughter)

GOVERNOR O'MALLEY: Welcome.

MR. MOORE: Good morning, members of the Board. I'm Doldon Moore, Wetlands Administrator. I'm before you today for a request to grant wetlands license 10-0714 to Anne Arundel County Parks and Rec for Downs Park. I'll be brief. As was noted, we do have students from Chesapeake Bay Middle School wishing to address the Board.

They have spent the last school year studying the benefits of artificial reef systems and have designed this reef project. The project is to create approximately 2.2 acres of artificial reef by placement of oyster and clam shell as base material and the placement of approximately 200 reef balls that will range in size from two to three feet in diameter. The site is adjacent to the existing public fishing pier at the Park. I'm available to answer any of your questions and we also have staff from the Department of Natural Resources present.

If there are no questions, I'll turn it over to Mr. Gavin and his students.

MR. GAVIN: Governor and the Board, thank you for bumping us to first so that we can get back to school and take our finals. Just a word before we start, everything you're going to see today comes from these guys. I was --

GOVERNOR O'MALLEY: Would the kids like to have you wait?

(Laughter)

MR. GAVIN: Actually, they studied on the way so I think no. Everything you are going to see comes from them. Myself and Ms. Sherry, co-teacher, have just been there for support, staying after school and helping them work. So without further ado, the students of Chesapeake Bay Middle School.

MS. ARLAUSKAS: Hello, my name is Mary Arlauskas and I'm in the seventh grade. We are here representing Chesapeake Bay Middle School and proposing the construction of an artificial reef in Downs Park.

Governor O'Malley and Board of Public Works. Thank you for listening to us. We appreciate you coming out and hope you consider our proposal. This

is an aerial view of Pasadena. At the bottom is the Bay Bridge and at the top is the Downs Park Pier, which is north of Gibson Island.

MR. TRITZ: Hello, my name is Anthony Tritz and I'm in the seventh grade. The main reason we're doing this project is to increase the population of the fish and other wildlife, because when I was little I would go fishing and I would only catch a few fish. But with this project it will increase the fish, oysters, and other wildlife more, so when you go fishing you will catch more than usual.

MS. KLOVENSKY: Hi, my name is Kelly Klovensky and I'm in the seventh grade. Why are we doing this? We are doing this to increase the habitat for fish, oysters and other wildlife, but also to help slow the shoreline erosion from winds and currents.

MS. HELLER: Hello, my name is Carli Heller and I'm in eighth grade. What is a reef ball? Reef balls are artificial reefs which are used to restore marine environment by providing a home for underwater wildlife such as oysters and fish. Manmade is usually thought of as a bad thing in the environment, but the



material that's used to make reef balls is high strength, resistant to abrasion, and has a pH really close to natural seawater. In addition, we would add oyster spat to each of the reef balls, which filters the water and promotes the environment around the artificial reef.

GOVERNOR O'MALLEY: That was my question. I thought that oysters, they can actually, they'll attach to the balls? It doesn't have to be a flat?

MS. HELLER: Mm-hmm, yep.

GOVERNOR O'MALLEY: Substrate, is that the right word? Substrate? Okay.

MS. HELLER: To deploy the reef balls they would be lifted up by a crane on a boat and lowered into the water where we want to place them.

MS. SNEAD: My name is Caroline Snead and I'm in the eighth grade. Where will the reef balls be placed? The reef balls will be placed in a horseshoe shape around a large fishing pier in Downs Park. They will also be placed underneath the pier if possible. This is my rough diagram of how the reef balls will look. As you can see, the horseshoe shape around the

pier is the reef balls in clusters, and inside the clusters are triangles. The triangles represent something called surf clam shell.

GOVERNOR O'MALLEY: Say that word again, hon?

MS. SNEAD: Surf clam shell.

GOVERNOR O'MALLEY: Surf clam shell?

MS. SNEAD: It's a type of shell that will be used as a base for the reef balls. And also the oysters and can attach to them, and they provide a habitat for smaller fish.

Also, the mean low tide of this area, which is the average low tide, is about six and a half feet. And it's important to know that because if the water is too shallow a large reef ball will have all the oysters on it die because they will be out of the water.

This is the official diagram, and this diagram shows that the closest reef ball will be about eighty yards away from the pier, which is far enough away that fishermen won't snag it with their lines.

How will the reef balls be marked? The reef balls will be marked with something called fish haven buoys, which is the type of buoy on the screen. We plan to have four of these buoys to mark the reef balls to warn the boaters.

MS. BUCKWALTER: Hi, my name is Morgan Buckwalter and I am in the seventh grade. Who is helping? There are a lot of organizations that are helping with this project and we would like to thank them for their support. CCA, Vicky Lyons is a member of the CCA. She is also a local parent whose children went through CBMS. She called the school and gave us the opportunity to start this project. CCA is also providing oyster spat that is going to be placed on the reef balls. The oysters are local so that they will have a higher chance of surviving.

MARI and MES are helping with the construction of the reef balls. DNR is helping with the government part of this project, for example permits.

(Laughter)

MS. BUCKWALTER: ARGO is giving us the surf clam shell that Caroline talked about earlier, and there's the picture of it on the screen. CBF is giving us the boat that we're going to deploy the reef balls off of. And Pasadena Sports Fishing is helping with the monitoring by holding a fish derby. Anne Arundel Recreation and Parks is giving us the site for the reef balls. And then all of us here at CBMS, the people who have presented today, and Mr. Gavin and Ms. Sherry for sponsoring us.

GOVERNOR O'MALLEY: CBMS, Chesapeake Bay Middle School.

MS. BUCKWALTER: Yep.

GOVERNOR O'MALLEY: We are very acronym-laden here.

MS. SNEAD: So thank you for taking the time to listen to our proposal, and we hope that you decide to get on board with this project in support of the Chesapeake Bay.

GOVERNOR O'MALLEY: That's awesome. Big round of applause.

(Applause)

GOVERNOR O'MALLEY: I believe Treasurer Kopp may have a question.

TREASURER KOPP: I do have a couple of questions. The first is, this is a great project that you all initiated and put in place, I look forward to voting for it. How is it going to be maintained after you graduate from Chesapeake?

MR. GAVIN: That's a really good question.

(Applause)

MS. SNEAD: Well, you mean like students that are going to be involved? Well, we presented to the sixth and seventh grades at the school and we, like, gave them the opportunity that if they were interested to help us out with the project. And so, like, we would probably have grades coming after us that would be helping us with it, and then after that they would probably keep presenting and, you know, getting people involved in it.

TREASURER KOPP: Excellent.

MR. GAVIN: Morgan has something to say, too.

MS. SNEAD: And the divers.

MS. BUCKWALTER: Yeah. And also, we were thinking about presenting to Bodkin Elementary School so that when they go into Chesapeake Bay Middle School they can help out also.

TREASURER KOPP: That's terrific. So it's like an entire feeder system to support the Bay.

(Laughter)

GOVERNOR O'MALLEY: When do, so what's the timing of all of this? When do those --

(Laughter)

GOVERNOR O'MALLEY: That depends on DNR?

(Laughter)

MS. SNEAD: We plan to have a ceremonial deployment on June 15th --

MS. BUCKWALTER: Next Tuesday.

MS. SNEAD: -- to place the first reef balls in at 2:00, I think.

GOVERNOR O'MALLEY: Mm-hmm.

MS. SNEAD: So that's when it begins.

GOVERNOR O'MALLEY: Uh-huh. And then when, how long after that would you put in the spat, the

oyster spat down there? That tiny little young new baby oysters?

MS. SNEAD: We're looking at October for that.

GOVERNOR O'MALLEY: Uh-huh. How do you make sure they stick on those balls? That's a lot of balance for a little oyster.

(Laughter)

MS. SNEAD: I think they're kind of sticky, so.

(Laughter)

GOVERNOR O'MALLEY: I mean, do you go, do you just drop the oyster spat on top of them as best you can?

MS. BUCKWALTER: The oyster spat, I think the oyster spat is being actually placed on the reef balls before they're put in the water. And they're almost being, like, incubated, I guess. And then they'll be lowered into the water once the oyster spat is on the reef balls.

GOVERNOR O'MALLEY: Oh, I see. So they're already on before one of Londa Julius' crane operators lowers the balls into the place? Huh. That's cool.

TREASURER KOPP: So you're going to measure the success by the fishing results?

MS. SNEAD: That's the main thing, yes.

TREASURER KOPP: Is there a way to measure the impact on the water of the oysters?

MS. SNEAD: Well, we're going to have divers, professional divers go down there and kind of take a look, and probably record some data, right? Yeah.

TREASURER KOPP: But if it really cleans the water right where the oysters are, I would imagine there might be a way of actually assessing that, do you think?

MS. SNEAD: Probably. You could take tests around the water. Sure, yeah.

TREASURER KOPP: It should be high school science projects, right?

MS. SNEAD: Yeah.

TREASURER KOPP: Going on?



(Laughter)

MR. GAVIN: A true feeder system --

MS. SNEAD: Yeah.

TREASURER KOPP: That's great.

GOVERNOR O'MALLEY: There's a man in St.

Mary's County who is very into oyster aquiculture with the native oysters. And he has brought me every year, you know, successively cleaner water readings from all around where his oysters are because of what a natural filter God intended for these oysters to be.

Well, why don't you all come around here.

That's probably the easiest way to go. Why don't you come up behind the Board of Public Works? You're going to trade places with Mr. Tom, and we're going to do a photo here, members of the Board of Public Works. Or I move that we do a photo here with Chesapeake Bay Middle School, seconded by the Comptroller.

Let's push these chairs back. We're going to ask you guys to go right up to the edge of the table and we'll stand behind you, how about that? And Mr. Gallagher, are you prepared for the tour?

MR. GALLAGHER: I am prepared, Governor.

GOVERNOR O'MALLEY: Okay. I am very proud of you guys.

(Applause)

GOVERNOR O'MALLEY: Let's go that way, exit stage left. Good work, guys. Keep it up.

That makes you feel good about the future, doesn't it?

TREASURER KOPP: Well, and also Governor, I was just asking Ms. Sherry about it and she said that their coalition partners are already working with other schools. This is in fact a pilot program, and hope to see variations of it around the area, not just the really great and outstanding Chesapeake Bay Middle School.

GOVERNOR O'MALLEY: That's terrific. The degree to which kids, the next generation, is grasping the imperative of restoring the environment. I was with about 600 - 700 children, Maryland students from all over the State, that went through the exacting process of making their schools Green Schools by way of not just screwing in the better light bulbs, but also the rainwater retention, and increasing the

forest cover on their campus where we just mow grass because we've always mowed the grass. So anyway, wide awake in America. These kids, they're great. And hopefully we'll double these Green Schools. And kids participating in the Marylanders Plant Oysters, or Grow Oysters, and the Marylanders Plant Trees. It's good stuff.

Now, we have something affecting the, is that also on the Treasurer's Agenda, the Commission on African American History and Culture?

SECRETARY MCDONALD: This item. I'd just like to go ahead and introduce my whole Agenda and then, yes, it is on the Secretary's Agenda.

GOVERNOR O'MALLEY: Is that the Secretary's -- oh, I'm sorry, we need to vote, wait. We have got to tell the kids we voted on that.

SECRETARY MCDONALD: We'll tell them afterward.

GOVERNOR O'MALLEY: Okay, we'll vote on the whole thing.

SECRETARY MCDONALD: We'll send a letter that maybe --

GOVERNOR O'MALLEY: All right.

SECRETARY MCDONALD: -- you can sign for the Chesapeake Bay School. There are twenty-two items on the Secretary's Agenda. There are two reports of emergency procurements. We have already discussed Item 8. And I know that the Board had some questions about Item 5, which is the Maryland Historical Trust program. And I don't know if Mr. Little is here, or Ms. Hughes who, Mr. Little, come up to the, again this is Item 5. Just introduce yourself for the record, and just a summary of your item.

MR. LITTLE: Yes, my name is Rodney Little, I'm Director of the Maryland Historical Trust. And I've asked Michael Day, who handles all of our capital projects to represent us because I just got here from the dentist and I can hardly talk.

GOVERNOR O'MALLEY: I also know that we're joined by Ted Mack, the Chair of --

MR. LITTLE: Yes, sir.

GOVERNOR O'MALLEY: -- the Maryland Commission. Mr. Mack, thank you for being here. The

Maryland Commission on African American History and Culture; and Dr. Joni Jones.

MR. LITTLE: Right.

GOVERNOR O'MALLEY: Dr. Jones, thank you.

Dr. Jones is the Director for the Maryland Commission on African American History and Culture, and also the Director of the Banneker-Douglass Museum. Yes, sir?

MR. DAY: Well, we're introducing the regulations for this brand new program this year. The Maryland General Assembly passed legislation to create this program which for all intents and purposes allocates a million dollars a year for the next five years to facilitate capital projects with African American subject matter of all sorts across the State of Maryland. And we're very thrilled to have that program in Maryland Historical Trust. And partner with the African American Commission in making sure that that program gets distributed across the State in a very equitable way. We had our first workshop this past Saturday and Chairman Mack can speak to that, but it was extremely well attended so there's a lot of interest right out of the gate in this program. And

we'll entertain any questions that you have regarding the regulations that you have before you.

GOVERNOR O'MALLEY: Okay. Mr. Mack, anything you would like to say as Chair?

MR. MACK: Yes, the first workshop, which was facilitated by Michael Day, was a rousing success. We received immediate feedback from the sixty or so people who attended that workshop. I'm very thankful and looking forward to the implementation of this wonderful program.

TREASURER KOPP: Governor?

GOVERNOR O'MALLEY: Madam Treasurer?

TREASURER KOPP: I do have a question about the regulations. But I'd like to hear a little more first about, I think this is just a great program, the sort of projects, the sort of groups that are interested, and where around the State --

MR. MACK: Yeah, all people who were in attendance at this workshop represented the community and local level African American historical preservation entities throughout the State. And of course, one of the problems that we face is housing

some of the exhibits and restoring some of the historical properties. And that's what this mainly is all about, the preservation, the identification and preservation of the African American sites in various communities throughout this State.

TREASURER KOPP: So do you anticipate we can have a map of, I mean I, African American heritage is obviously one of the great selling points of the State --

MR. MACK: Yeah, we do have a map, we have identified all of the entities out there. And of course, as they make application we will actually pinpoint those locations throughout the State so that we can have an equitable distribution throughout the State. We, I heard you talk about Western Maryland earlier. There is a rich African American history in Western Maryland. But because the population of African Americans are low in that area we have to place special interest up there in order to make sure that they are brought into the fold.

TREASURER KOPP: I think this is going to be a very exciting program. And not only for

Marylanders, but for the entire nation. I know when we started with the Harriet Tubman Trail people were not particularly aware of Maryland. And I have since met some people from New York State who came down here to visit the State because of it.

MR. MACK: Yes, that's a big project. And our focus here is to really integrate the African American experience throughout the State of Maryland and in concert with the Governor's One Maryland. And that's what it's really all about. It's not creating something new, it's making it --

TREASURER KOPP: It is One Maryland.

MR. MACK: -- One Maryland that includes all Marylanders.

TREASURER KOPP: Well I think it was a great step forward, whoever proposed it, whoever got it implemented.

GOVERNOR O'MALLEY: The Harriet Tubman Trail? I think Harriet did.

TREASURER KOPP: Yeah, that one, Harriet. But no, this project, I think, to see a map of the rich history of Maryland, not just the African



American, but the true One Maryland history, I think is going to be very exciting.

GOVERNOR O'MALLEY: When do we launch that GIS enabled website? I mean, we have GreenPrint, we have AgPrint, anybody here know when --

TREASURER KOPP: HistoryPrint.

GOVERNOR O'MALLEY: -- I know we're talking about it as, yeah, I think they're thumb wrestling over the name. HistoryPrint? GoldPrint?

MR. LITTLE: I think you're talking about GoldPrint?

GOVERNOR O'MALLEY: That's been one of the working titles.

MR. LITTLE: Yes, Department --

GOVERNOR O'MALLEY: I'm only the Governor, I don't get to choose the name.

MR. LITTLE: GoldPrint is being spearheaded by the Department of Business and Economic Development. And I believe that they put their sort of pilot one up this weekend --

GOVERNOR O'MALLEY: Mm-hmm.

MR. LITTLE: -- to get comments on it in a limited basis. And I think it will be going back up within something like the next thirty to sixty days. I --

GOVERNOR O'MALLEY: Are we going to make sure the African American sites on there?

MR. LITTLE: Absolutely.

GOVERNOR O'MALLEY: Rather than just the wars? I hope so. Okay. Somebody help me follow up on that one, Izzy. Thank you. Okay, Mr. Little we may have an item coming back to you at another time in the next couple of weeks with regard to Board approval on all of these things. And I don't know if the Treasurer wants --

TREASURER KOPP: No, I do have a concern. I think that the projects in this new program and the ongoing program should be coming before the Board. I hadn't realized that they were not. For one thing, it's a way of letting more and more people know about it. On the other hand, it also is a good way of keeping track of the use of general obligation funds and being able to assure our investors and our bond

rating agencies that all the use of general obligation funds are part of the ongoing prudent fiscal management policy and practices of the State. So I am going to propose that all of the projects be approved by the Board. I can't imagine that there are any projects that would not be approved by the Board, but I think the Board and the public should know about them all. And would propose and request that you come back with an amendment to the regulations, or I don't know exactly how this is done, a draft of the new regulations that would just do that. It would be very simple and apply to all projects. And then we can see the big map with everything on it. But just to say that that is my intent. I hope I will have the support of the Board and the support of you all, too, in doing that.

GOVERNOR O'MALLEY: And we'll take up that issue next Board of Public Works. We'll draw it up, send you a copy, so that you can be prepared to address that issue --

MR. LITTLE: Sure.

GOVERNOR O'MALLEY: -- before us on a policy basis. Okay, any other items on the Secretary's Agenda for which people are here to testify?

SECRETARY MCDONALD: Not on the Secretary's Agenda, no.

GOVERNOR O'MALLEY: Thank you, ladies and --

TREASURER KOPP: By the way, do you want to say a word or two about the Banneker Museum as long as we're --

MR. LITTLE: Joni?

GOVERNOR O'MALLEY: Dr. Jones?

DR. JONES: Oh, well thank you. I will begin by thanking you all. The Banneker-Douglass Museum, as you know, in 2009 turned twenty-five. We are, we have summer hours. We will be open on Sundays now. And we have seen an increase in visitation. Around this time last year we were at 2,500 -- I'm sorry, we were around 1,500 and now we're at 3,500 already this year. So --

TREASURER KOPP: Congratulations.

DR. JONES: -- come on out to the Banneker-Douglass Museum. We have some great exhibits and some

wonderful partnerships. In fact, this Thursday we are showing a documentary about Carr's Beach, so I invite you all to attend.

GOVERNOR O'MALLEY: What beach?

DR. JONES: Carr's Beach.

GOVERNOR O'MALLEY: And what was Carr's Beach?

DR. JONES: Carr's Beach was a segregated beach in Anne Arundel County, just outside of Annapolis, with the likes of, name some people, I know Hopper Adams, Aretha Franklin, it was, James Brown, it was the social center for the African American community along the East Coast.

GOVERNOR O'MALLEY: Wow.

DR. JONES: People from as far as New England would come, African Americans primarily, for Carr's Beach.

GOVERNOR O'MALLEY: Like the Catskills of --

DR. JONES: Yes, yes, indeed.

GOVERNOR O'MALLEY: -- the beach.

TREASURER KOPP: And it will be on the map, I assume?

DR. JONES: Yes, indeed. As will, and I will mention, the Doleman Black Heritage Museum in Hagerstown is an interested applicant for the program. So, and we are having an additional workshop this coming Saturday in Prince George's County. So the word is out. We actually have a wait list for that workshop. So --

TREASURER KOPP: Great.

DR. JONES: Thank you.

GOVERNOR O'MALLEY: Okay, thank you. Other items on the Secretary's Agenda?

SECRETARY MCDONALD: I think that's it --

COMPTROLLER FRANCHOT: Governor?

GOVERNOR O'MALLEY: Yes, Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 21, I noticed, I think earlier I saw Mayor Meehan. Is he still here?

SECRETARY MCDONALD: The --

COMPTROLLER FRANCHOT: Is that the Ocean City Convention Center?

SECRETARY MCDONALD: Right, I think that the

--

COMPTROLLER FRANCHOT: Maybe if the Mayor would like to say something?

SECRETARY MCDONALD: Is the Mayor of Ocean City, perhaps the Stadium Authority come up, and Mr. Raith, I don't know if Mr. Frenz is here. Somebody from the Stadium Authority come up please with the Mayor of Ocean City. And Item 21 is to approve the operating and maintenance budget for both the Baltimore Convention Center, and Ms. Peggy is here, and the Ocean City Convention Center. Peggy, why don't you come up, too?

MAYOR MEEHAN: Good afternoon, Mr. Governor, Mr. Comptroller, Madam Treasurer. Thank you for having us here this afternoon. It's great to be here in Annapolis. And just to follow up on some of the great news that you gave about the economy in Maryland, I'd like to report that during the month of April, after the snow finally left and everybody could get back out again, our room tax collections in Ocean City were up 18 percent over the previous year. In March they were up 18 percent, in April they were up 12 percent. We had a great month of May so we expect

those numbers to be the same, and those also transfer then to increase in sales tax. So I think that's good news for Maryland. We've just come off four great weekends in Ocean City. We had Springfest, we had our cruising weekend, a fabulous Memorial Day weekend, a great air show weekend, and we're just moving forward. We see the crowds increasing, and --

GOVERNOR O'MALLEY: I'm told you had a tremendous crowd this weekend in Ocean City for the show.

MAYOR MEEHAN: We did, for the air show. We had over 200,000 people in Ocean City. That's only the second time in the last ten years we've had over 200,000 people for the first weekend in June. Of course this week, this weekend we start, the Maryland State Firemen's Association will be in town, which is a great kick off for the Town of Ocean City for our Convention Center. And we're also currently hosting for the next three weeks the Future Leaders of America in Ocean City. So they'll, in case you don't recognize, that's the graduating high school seniors, the Class of 2010.



(Laughter)

COMPTROLLER FRANCHOT: Yeah, I think I'll skip that one.

MAYOR MEEHAN: I'm not going to tell you that doesn't come without challenges. But we are up to the challenge, and they'll be with us. And we're here today with the Stadium Authority to request to continue the very valuable and successful partnership we've had with the State of Maryland with our Convention Center, and ask for approval for the operating budget for 2011 as presented.

SECRETARY MCDONALD: And we'll hear from Ms. Daidakis about the Baltimore City Convention Center.

MS. DAIDAKIS: Good morning, and thank you again for your continuous support of the Baltimore Convention Center. And my grandson is helping your economy right now as a graduating senior from Loyola. So his mother is down there hovering to make sure he doesn't get in trouble. But we are pretty excited about a few announcements we've made. Governor, you were with us last week when we announced the racing league and five-year commitment to Baltimore. So we

are the start-finish line, so hopefully we can create an atmosphere of excitement and bring some corporate events to the Convention Center in general. And next summer we also start five years of an international travel and tourism and business executive event. We are the only American city that will be hosting Incentive Travel and Business People. So we will host it for the first time next year in June, and hopefully five years and five years beyond that.

So next week we start 4,000 people with the Safety Engineers. So it's very competitive in the convention industry right now. But we, with my colleagues from Visit Baltimore are trying to hold our own, and we're doing some exciting things and drawing attention to our district, so.

GOVERNOR O'MALLEY: Is visitorship up or down?

MS. DAIDAKIS: Visitorship is okay.

GOVERNOR O'MALLEY: Flat?

MS. DAIDAKIS: I think it's flat right now. I think flat is the new up. So, you know.

(Laughter)

MS. DAIDAKIS: But we have a good, we have a good destination. And once we get the decision makers in town, we are hosting our customer advisory board this week. Our executives from associations of current customers and future customers to help us create a great destination plan of how we're going to be more competitive than other cities. So once we get them in town, they love it. They love Maryland. They love Baltimore. And we're trying to do more things. We are becoming more green. We're almost finished with our green roof at the Convention Center.

GOVERNOR O'MALLEY: Great.

MS. DAIDAKIS: The outdoor terrace, the primary project was to stop water from coming in. And that has been successful, and we will work our way towards LEED certification with that and other projects that we have. So we're very excited about the future.

GOVERNOR O'MALLEY: Okay. Thank you for your good work there through the years.

MS. DAIDAKIS: Thank you.

TREASURER KOPP: Yeah.

SECRETARY MCDONALD: Item 22 is the Stadium's proposal for the Grand Prix pit lane improvements. But that's related to the one of the projects that Ms. Daidakis just discussed.

GOVERNOR O'MALLEY: Any questions on that? I think we're all on board.

TREASURER KOPP: Yeah.

GOVERNOR O'MALLEY: Good, okay. Any other items on the Secretary's 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."

(No response.)

GOVERNOR O'MALLEY: The ayes have it. Can we move to the, it's, I don't know, I think it's the DGS Agenda. I know we're joined by Councilwoman Mary Ann Lisanti from Harford County.

MR. COLLINS: Sir, that's my Agenda, Governor.

GOVERNOR O'MALLEY: Councilwoman, if you would come up? And let's go to the Department of General Services Agenda items.

MR. COLLINS: Okay. May I introduce my entire Agenda, Governor?

GOVERNOR O'MALLEY: Yes, sir.

MR. COLLINS: Thank you very much. Good morning, Governor, Madam Treasurer, Mr. Comptroller. The Department of General Services has thirty-seven items on our Agenda. Item 12-RP has been revised, and Item 3-EP has been withdrawn. Governor, I'd like to point out a couple of items, good news items if you will.

If you review the three construction maintenance contracts we have on our Agenda today, following up on your comments about jobs, these three items will keep 215 jobs in the State of Maryland. And we have MBE participation of over \$2.9 million. We have two janitorial contracts that are 100 percent MBE with a total of \$634,000. And the Item that you referred to, Governor, a minute ago is the Item 12-RP, which is an item which is on behalf of the Department

of Natural Resources dealing with a conservation easement up in Cecil County of the Mt. Ararat Farms. And Governor, I point this out because not only is it very important but it is an interesting purchasing partnership here, which the presenters will talk about. And also, this location is very important to the State. And finally, when all of the finances is realized, this particular item will only cost the State government about a little over \$74,000 so it's a great arrangement here of using federal and local funds.

GOVERNOR O'MALLEY: Great.

MR. COLLINS: Item 12-RP.

GOVERNOR O'MALLEY: Commissioner Lisanti, do you want to explain to us what Item 12 is all about?

MS. LISANTI: Absolutely. Governor, thank you for the opportunity, Mr. Comptroller, Madam Treasurer. This is a land acquisition for a conservation easement of 114 acres at the Mt. Ararat Farm. I know all of you are very familiar with that area. As you cross I-95 into Cecil County, the beautiful viewshed over to the left is a Georgian

mansion owned by the University of Maryland. This is the immediately adjacent property, all under the same ownership.

This has been a five-year project. It is a critical link in a State, as part of the State Heritage Program for recreational trail use and public access. The partners in this acquisition are the Department of Natural Resources, Maryland Department of Transportation, the Environmental Trust, Cecil Land Trust, the Conservation Fund, of course the Lower Susquehanna Heritage Greenway, and is supported by Cecil County Government and the towns of Port Deposit and Perryville. And as the Secretary just explained, this is a project that we bring to you that has absolutely minimal expense to the State of Maryland. So you are grabbing a great recreational opportunity for very little funding.

GOVERNOR O'MALLEY: Will it continue to operate as a farm? Or will it be ours?

MS. LISANTI: The actual operating farm piece will be maintained. This is actually the area around it so that we can do the recreational trail

connection around the farm, so we will not interrupt that farming operation.

GOVERNOR O'MALLEY: So the Farm is still privately owned?

MS. LISANTI: Yes, it is.

GOVERNOR O'MALLEY: But this is a development easement --

MS. LISANTI: That's correct.

GOVERNOR O'MALLEY: -- that they, that we are purchasing from them. And as part of that we are also purchasing the perimeter of the Farm for a trail?

MS. LISANTI: For the trail system, yes. As part --

GOVERNOR O'MALLEY: And that we will own outright?

MS. LISANTI: Yes. And that is part of the Lower Susquehanna Heritage Greenway, which is forty miles of recreational trails in Harford and Cecil Counties. So that will be that missing link between, really, the Town of Port Deposit and the Town of Perryville. Right, sandwiched in the middle is Bainbridge Development Corporation, as well. So it



creates that link, that pedestrian linkage also to Bainbridge.

GOVERNOR O'MALLEY: Mm-hmm. That's great. I've been on that overlook, I think.

MS. LISANTI: That's the viewshed. It's not too shabby.

GOVERNOR O'MALLEY: Any other pictures loaded up that you want to show us in your power point? Now, where is Frenchtown? On this picture Frenchtown is down to the left, huh?

MS. LISANTI: Yes, down below.

GOVERNOR O'MALLEY: And didn't the British attack Frenchtown in 1814?

MS. LISANTI: Yes they did, sir. And that will be, and actually part of that story will be interpreted along that trail system.

GOVERNOR O'MALLEY: And they think there might still be a ship that's sunk down there, don't they? One of the ones they burned?

MS. LISANTI: That's correct.

GOVERNOR O'MALLEY: They did a lot of burning.

MS. LISANTI: And of course Captain John Smith, in his exploration, the island that you saw there, is the most northern point of Captain John Smith's exploration as well. So it's --

GOVERNOR O'MALLEY: He only needed to go that far to tell that the Susquehanna wasn't going west?

MS. LISANTI: Pretty much. It's kind of rocky and shallow in that part of the water.

GOVERNOR O'MALLEY: Mm-hmm.

TREASURER KOPP: So here's the problem. This wonderful map of Maryland with all its historic sites, there are going to be so many things all over it you won't be able to, you'll have to have --

GOVERNOR O'MALLEY: Well actually --

TREASURER KOPP: -- you know, layers or something.

GOVERNOR O'MALLEY: -- yeah, the way they do it is they have layers. So you can click on 1814 sites, you can click on Civil War sites, you can click on American Revolution sites.

MS. LISANTI: I like to say that Maryland is actually the CliffsNotes of American history.

GOVERNOR O'MALLEY: Hm.

TREASURER KOPP: Do you?

MS. LISANTI: Yes.

(Laughter)

TREASURER KOPP: I think that's good.

MS. LISANTI: For those of us who still enjoy CliffsNotes.

TREASURER KOPP: Oh, the yellow and black striped.

GOVERNOR O'MALLEY: All right, any other questions on this issue? Mr. Comptroller?

COMPTROLLER FRANCHOT: No, I just wanted to thank Council Member Lisanti for coming down and speaking. And obviously, it's a beautiful project. I was in Harford County yesterday, in Bel Air.

MS. LISANTI: Yes.

COMPTROLLER FRANCHOT: And had an excellent meeting with a lot of local real estate related small business people.

MS. LISANTI: Thank you. And --

COMPTROLLER FRANCHOT: It was good meeting them.

MS. LISANTI: -- we were busily preparing for today so I'm sorry I couldn't join you. But it really speaks to really the partnerships outside of the State and federal agencies, but also the counties really support this project.

COMPTROLLER FRANCHOT: Good.

GOVERNOR O'MALLEY: And this only scored like a 55 on our objective ecological criteria. So, but what makes this important is what? The linkage to trails? Or the viewshed? Or what?

MS. LATHBURY: Exactly. The targeted scoring system provides Appendix A, which allows us to purchase properties or conservation easements for those that have particular cultural value, which is the case here, but also especially a critical trail connection to the Greenway.

GOVERNOR O'MALLEY: So connective value?

MS. LATHBURY: Precisely.

GOVERNOR O'MALLEY: And that's not something we put a score on? That's something that depends on what it's being connected with?

MS. LATHBURY: Exactly. I mean, the areas that it is connecting are very important ecologically, however the connection itself may not score very well.

GOVERNOR O'MALLEY: Except for the fact that it's a connection.

MS. LATHBURY: Precisely.

TREASURER KOPP: But that's ecologically very important. I mean, there should be some way, I mean, it's acknowledged --

MS. LATHBURY: Sure.

TREASURER KOPP: -- by the fact that we're doing this. But the whole idea of the, what was it called? The green linkage --

MS. LATHBURY: Green infrastructure?

TREASURER KOPP: No. What I'm thinking is we actually twenty years ago in the Legislature probably tried to establish this concept. And I think it was Governor Glendening, actually, of recognizing those areas which created a larger --

MS. LATHBURY: Absolutely.

TREASURER KOPP: -- ecological --

MS. LISANTI: Value, yes. This linkage is within the State Heritage Program, and Lower Susquehanna Designated Heritage Area, yes.

TREASURER KOPP: Because, you know, little spots --

MS. LISANTI: Mm-hmm.

TREASURER KOPP: -- of great ecological importance isolated become --

MS. LATHBURY: Right. The hubs and corridors idea.

TREASURER KOPP: -- less important, yeah.

MS. LATHBURY: Yeah.

TREASURER KOPP: Yeah.

GOVERNOR O'MALLEY: That's what GreenPrint is all about.

TREASURER KOPP: Yeah.

MS. LATHBURY: Right.

TREASURER KOPP: GreenPrint, yeah.

GOVERNOR O'MALLEY: Okay. Any other questions on this?

TREASURER KOPP: Super.

GOVERNOR O'MALLEY: How about any other questions on Department of General Services Agenda items? Is there anyone else to testify on any of those General Services items? Any other questions on DGS? Okay, the Treasurer moves approval of all the DGS items, 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 now return to our regularly scheduled programming, which is to go to Program Open Space?

MS. LATHBURY: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Meredith Lathbury with the Department of Natural Resources. We have two items on the Program Open Space Agenda this morning. They are both Rural Legacy easements. And I'd be happy to answer any questions you might have.

TREASURER KOPP: Beautiful.

COMPTROLLER FRANCHOT: None for me.

GOVERNOR O'MALLEY: Cecil County, Fair Hill, huh? Okay. Any questions? That's rare. 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."

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move to the Department of Budget and Management.

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are fifteen items on the Department of Budget and Management's Agenda for today, and I'll be happy to answer your questions.

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

TREASURER KOPP: So what's new?

GOVERNOR O'MALLEY: Okay --

COMPTROLLER FRANCHOT: Let me ask you a question on Item 1-S?

GOVERNOR O'MALLEY: Hold on one second, Comptroller?



MS. FOSTER: Okay. Item 1 is a contract to provide call center services for various State agencies. Elliot Schlanger, who is of course the Secretary of the Department of Information Technology, is here to answer any specific questions you may have.

COMPTROLLER FRANCHOT: Good. Mr. Secretary, welcome. I just, if you could clarify why you're going with the bid that's almost a million dollars --

MR. SCHLANGER: Sure.

COMPTROLLER FRANCHOT: -- more than the low bid?

MR. SCHLANGER: Well for the record, Elliot Schlanger, Department of IT. Two things I would care to say. First of all, on the low bid the technical response was very weak. And when in fact we happened to quiz how in fact the company could meet the requirements for the State in a lot of instances, the answers were not satisfactory. The second thing that I would say is that this is a pay as you go contract. So for the call center we pay for the minutes that we use. And in the case of the recommendation of award, we're confident that the contractor, who is a local

100 percent MBE, SBR, is going to do an efficient job. So therefore, the time per call and the cost per calls will be less. So although it appears that it is a higher price, I'm not so sure in the end that the State will actually pay a higher price for the service.

COMPTROLLER FRANCHOT: Thank you for that. I'm fine with this calendar.

GOVERNOR O'MALLEY: The Treasurer moves approval of Department of Budget and Management Agenda items, seconded by the Comptroller. 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 to the University System of Maryland.

MR. STIRLING: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Jim Stirling for the University System of Maryland. We have eleven items on today's Agenda. I'd be happy to answer any questions you might have.

COMPTROLLER FRANCHOT: Governor?

GOVERNOR O'MALLEY: Yes, sir, Mr.

Comptroller?

COMPTROLLER FRANCHOT: On Item 1, Frostburg University. Is there anyone here from Frostburg, or -  
-

MR. STIRLING: I don't believe we have anybody here from Frostburg. This is a preliminary, it's a pre-construction award for a large construction project out there.

COMPTROLLER FRANCHOT: Mm-hmm. Well, if you would take back to them that, A, I like the fact that they are using a company, in this case, that's got a pretty significant Maryland presence. I think that's terrific. I really like the idea of them going after the LEED Gold certification. And finally, I'm very impressed that they are able to achieve the 25 percent MBE goal, albeit being in a market that is smaller and rural, and sometimes more difficult to achieve that goal.

MR. STIRLING: And since my office at College Park handles the procurement for them I'll be sure to pass that along.

COMPTROLLER FRANCHOT: Good, there you go.

(Laughter)

COMPTROLLER FRANCHOT: Okay.

SECRETARY MCDONALD: I was going to say, the construction projects at Frostburg are actually handled by Mr. Stirling from College Park. So he's the one that, he and his office I think are the ones who deserve --

COMPTROLLER FRANCHOT: Well, good. You can save the postage. Just --

MR. STIRLING: Thank you, sir.

COMPTROLLER FRANCHOT: -- apply it to yourself. But all three of those responses I had when I read about this in the calendar, it's a good job.

TREASURER KOPP: Jim, it's my impression, you should never ask questions when you don't know the answers, but the University, the Board of Regents, the System in fact has adopted a green policy. I don't

know if it's a LEED-based policy, but for all of their construction and renovations. Is that right?

MR. STIRLING: It's similar to what I understand to be the State policy --

TREASURER KOPP: The State's?

MR. STIRLING: -- which is LEED Silver or better for our new construction projects. So it's a high priority when we come up with, in the planning process for a new building.

TREASURER KOPP: So we will be seeing more and more as we get more and more major projects?

MR. STIRLING: We've done a few LEED Gold, the building out at Shady Grove, for example.

TREASURER KOPP: Right, yeah.

MR. STIRLING: Shady Grove III, I know you've been out there.

TREASURER KOPP: Great building. And the garage, I think, which is unusual.

MR. STIRLING: Parking garage, although I don't believe it was eligible for LEED certification -

-

TREASURER KOPP: Because they don't do --

MR. STIRLING: -- the same design principles were applied to the extent we could.

SECRETARY MCDONALD: Also, Item 11 is pretty exciting because Jim needs to redo the Energy Research Center at College Park --

TREASURER KOPP: Yes.

SECRETARY MCDONALD: -- because of \$145 million in pending federal contracts for energy research there has come in. So think that one is --

MR. STIRLING: Actually, yeah --

GOVERNOR O'MALLEY: Wow, these are research grants?

MR. STIRLING: Grants and contracts. Actually, Dr. Wylie is here and can speak to what we're doing with the --

GOVERNOR O'MALLEY: Great. Doctor, do you want to talk to us?

MR. STIRLING: -- Energy Center.

GOVERNOR O'MALLEY: Energy Center.

TREASURER KOPP: Talking about Dr. Wylie, did I see an Ann Wylie Building?

DR. WYLIE: That is me. Thank you very much.

GOVERNOR O'MALLEY: You have a building named after you already?

DR. WYLIE: No, not a building.

TREASURER KOPP: What was it?

DR. WYLIE: Graduate fellowships.

GOVERNOR O'MALLEY: Ah.

TREASURER KOPP: Yes, that's terrific.

DR. WYLIE: Thank you, it's a pleasure to be here. The University --

GOVERNOR O'MALLEY: Because in Annapolis we would be appalled if buildings were named after living people.

(Laughter)

TREASURER KOPP: A graduate fellowship is very good.

DR. WYLIE: I'm very honored, thank you. We're very pleased, I'm very pleased to be here to answer your questions. University of Maryland Energy Research Center is a very important recent initiation of the College of Engineering. We have recruited an

outstanding person, Dr. Eric Wachsman, to head that Center. He's come to us from the University of Florida. He brings tremendous research grants in progress and we have, as you know, \$145 million in proposals out. So we are very keen on energy research in a lot of areas. We hope to be a leader in the nation.

GOVERNOR O'MALLEY: What sort of research? Is it DOE research, or --

DR. WYLIE: Yes, and there is a lot of work on batteries. I think we think that the --

GOVERNOR O'MALLEY: Batteries?

DR. WYLIE: Batteries, yeah, the battery capacity, storage of energy is an area that we need advances to manage our energy resources.

GOVERNOR O'MALLEY: Mm-hmm.

TREASURER KOPP: That's going to be one of the areas.

DR. WYLIE: Yes.

TREASURER KOPP: I mean, if we could master, make a qualitative leap forward in storage capacity --

DR. WYLIE: Yes.



TREASURER KOPP: -- it would change our world.

DR. WYLIE: It would, definitely. It's a great frontier.

TREASURER KOPP: And Maryland should --

DR. WYLIE: We hope we'll be there.

TREASURER KOPP: Do you want to, this may be unfair. But there was a great groundbreaking in the last couple of weeks, too. The new Physical Sciences Building.

DR. WYLIE: Physical Sciences Complex, yes.

GOVERNOR O'MALLEY: And I was there.

DR. WYLIE: Yes, you were. Thank you very much for being there. We appreciate that very much. We're very excited about this building, and the work that's going on is I hope really pathbreaking also.

GOVERNOR O'MALLEY: When was the Maryland Energy Research Center created?

DR. WYLIE: I think it's probably formally been about a year.

GOVERNOR O'MALLEY: Hm.

DR. WYLIE: It's new.

GOVERNOR O'MALLEY: Wow, new and it's already bringing \$145 million in research here?

DR. WYLIE: Well we, yes, proposals.

GOVERNOR O'MALLEY: You created that at the nick of time.

DR. WYLIE: Yes.

GOVERNOR O'MALLEY: That's great. Untold story.

TREASURER KOPP: Sort of like build it and they will come, but they wanted to come and you had to hurry up and build it. And the same with the physical sciences.

DR. WYLIE: That's correct. That's correct. Our College of Engineering is really a national leader.

GOVERNOR O'MALLEY: That's great. Keep going.

DR. WYLIE: Thank you very much.

GOVERNOR O'MALLEY: Okay, any other questions on this? All right. The, I've lost track, the Treasurer moves approval of the University System of Maryland. I try to go volley back and forth.

Seconded by the Comptroller, 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.

MR. STIRLING: Thank you.

GOVERNOR O'MALLEY: We move to the Department of Information Technology, DoIT.

MR. SCHLANGER: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Elliot Schlanger, Department of Information Technology. This morning we have five items on the Agenda. We have handcarried over Item 5-IT on behalf of the Lottery. As previously agreed, we are back today with the first set of orders for VLTs to support the Cecil County facility.

In summary, we are acquiring through purchase or lease a total of 1,062 VLTs and associated support from six gaming suppliers at a total cost of \$49.4 million. In aggregate, the vendors are

producing a combined average MBE participation of 20.3 percent against a very aggressive goal of 25 percent.

This morning I have our colleagues here from Lottery who can help me respond to any questions on this particular item. And of course I'd be happy to answer any other questions on any other items as well.

GOVERNOR O'MALLEY: Thank you. Questions?  
Mr. Comptroller?

COMPTROLLER FRANCHOT: Is Mr. Howells here?  
Or who is the Lottery --

MR. SCHLANGER: Yes.

COMPTROLLER FRANCHOT: Great. I mean,  
whoever is from the Lottery.

MR. SCHLANGER: We have Mr. Martino and Mr.  
Howells from the Lottery here.

COMPTROLLER FRANCHOT: Great. First of all,  
I'd agree, and Mr. Secretary also I applaud you for,  
you know, this very good step to comply with what I  
think the Board adopted at its previous meeting in  
April. And I like the idea that these contracts are  
coming before the Board for our approval. I think it  
gives greater transparency and opportunity for cost

management, and I think it's a good step, and I applaud you for that.

I am a little frustrated, though, that I didn't get the, my office didn't get this item until late yesterday afternoon. And you know that that, for an approximately \$50 million, that puts the Board in an awkward position. It's a large financial commitment. It's got obvious fiscal obligations attached to it. And it's difficult to do the kind of analysis and due diligence which is, you know, even minimal analysis.

So let me ask the Lottery Commission, why were you so late in bringing this item to the Board? Why is it imperative that we approval the item today, with less than twenty-four hours to review it?

MR. MARTINO: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Stephen Martino, Director of the Maryland Lottery. Mr. Comptroller, as you are aware, I did not start my position until the end of April so I was not, did not have the privilege of being here for the April Board of Public Works meeting where I think the arrangement was worked out with the

Board. But my understanding is that the agreement that was reached between the Lottery, or the understanding between the Lottery and the Board, is that information could be submitted at the last minute. And I can assure you that the reason for our submission is that we have been very diligently working with the manufacturers both to reduce their price and to increase their MBE participation. And in some cases our best and final offers did not come until yesterday morning. So that's why we were, when we submitted this information as we did.

COMPTROLLER FRANCHOT: But I guess the question is, why don't we take another couple of weeks and look at this?

MR. MARTINO: Well, we have --

COMPTROLLER FRANCHOT: I mean, I basically, I mean, I heard about this from other people, so I guess your meetings were well communicated around. But we didn't get anything. And it's, you know, it puts us in a very awkward position.

MR. MARTINO: We have a timeline for opening the Hollywood facility in Cecil County. And right now

we have a projected opening date of October 24th. In order to accommodate and meet that target we need to place the orders as quickly as possible. These machines will not be manufactured until the order is placed, and in some cases you need three months lead time in order to assure that the order is processed, and manufactured, and delivered, and that the facility can be up and running in a way that promotes integrity and does what the people of the State of Maryland want it to do.

COMPTROLLER FRANCHOT: Well, I can appreciate that. But I think you have to appreciate the process issue that I'm raising, which is, you know, lack of time to do what the Board of Public Works, frankly, should be doing.

But let me understand the core financial aspects a little clearer, if you could, of this award. My understanding at the April Board meeting was that the up front cost of these machines would require financing by the Treasurer's Office. But I also get indications that the machines are going to be paid for with special VLT proceeds, video lottery terminal

proceeds, which will be generated in the initial month of operations. So my question is this, does this \$50 million outlay that's before us today require State financing or not?

MR. MARTINO: Yes, it does. And the financing is done by the Treasurer's Office. And I think that, I don't know if they want to address that specifically, but it does require State funding and financing, and based on a meeting that we had last week I'm not sure that they've decided precisely how to proceed on that because the payment is not due until nearly four months after we've received receipt of the machines so it still allows them sufficient time to receive information from potential financing parties and get the best rate of return for the State.

TREASURER KOPP: It is our intention to go out with an RFI to find the best way to do this first step, and then to have a competitive selection. But that is several months out in the future.

MR. MARTINO: That's correct.

MR. HOWELLS: Only a portion of that is for the acquisition of the machines.



COMPTROLLER FRANCHOT: Right.

MR. HOWELLS: A significant portion of the \$49 million-plus is for maintenance, which is paid out monthly over a five-year contract term. So --

COMPTROLLER FRANCHOT: Yeah. But my question is if the machines are up and operating in whatever you said, October, or you know --

MR. HOWELLS: September.

COMPTROLLER FRANCHOT: -- earlier, or September, whatever, why do we need to take, put, I take it we're going to add \$50 million approximately to the State debt. Why are we doing that if in fact the operation of these machines are going to generate proceeds that can pay for, for example, for the maintenance? Why are we going and putting it on the State credit card? Why don't we just have an innovative bridge loan or something, and the State can avoid all this?

TREASURER KOPP: In terms of the capital financing, that's the reason for going out with an RFI, and for looking at alternatives. But we are not

going to capitalize maintenance. That has never been part of the --

MR. HOWELLS: No, oh, no, no, we didn't expect that. No.

TREASURER KOPP: No.

MR. HOWELLS: That's why I tried to draw the distinction --

TREASURER KOPP: Yeah, right.

MR. HOWELLS: -- that a portion of this is for purchase of the machines, a portion of it is for a pay out over the five-year term. This is part of the \$200,000 that the Board approved at the April meeting -- \$200 million, excuse me. \$200 million that the Board approved. This is a draw down, or an installment against that \$200 million for the first facility. We have --

COMPTROLLER FRANCHOT: Okay, well what, then just clarify for me, I guess. How much of the \$50 million is for capital? I take it we don't know the terms of that financing, because the Treasurer is indicating she's going to --

MR. HOWELLS: That's correct.

COMPTROLLER FRANCHOT: -- put a request for information out on the street. But how much is the capital, and how much is the operating?

MR. HOWELLS: If we had that, I can give that to you. There will be a capital expenditure for the machines up front, and then there is a payout over the five-year term for the machines that are being leased. There are some machines that are being acquired through a lease. And then plus the maintenance for the other machines. So it's a combination of both.

MR. MARTINO: Approximately \$18.7 million would be for up front purchase of machines. About, maybe a hair less than \$13 million would be for ongoing maintenance over the five-year life of the contract. And then some of the machines are not being purchased but rather we determined that it was more economically efficient for the State to lease them from the manufacturers. And that is approximately \$6.7 million.

COMPTROLLER FRANCHOT: Okay, how about the other \$12 million?

MR. MARTINO: I'm sorry, two different lease structures. One you just lease the machine at a set cost. The other is on a participation basis. Some of the machines that have been selected by the operator in Cecil County, the manufacturers will not sell to you because they are so popular, and are leased on a participation basis. So a certain fixed percentage of the win on the machine each day. And that would account for the balance of the money.

COMPTROLLER FRANCHOT: That's another \$12 million? \$13 million? Where's that, is that --

MR. MARTINO: Yeah, my sheet shows \$10.3 million, \$10.4 million.

COMPTROLLER FRANCHOT: Okay. Could you help me understand the disparity in the costs that are in these proposals? You've got six vendors, I take it. KGM Gaming, apparently, is going to provide twelve of these machines for \$293,000. Shuffle Master is going to provide six machines for \$700,000. Spielo is going to provide 290 machines for \$9,620,000. Bally Gaming is supplying 231 machines, but at a cost of \$12 million. What is the, that's a pretty wide

discrepancy of costs. Can you help me with the explanation of why there's such a big difference?

MR. MARTINO: Yes, I believe I can. With the exception of Shuffle Master, which I would carve out as an exception. Shuffle Master is the manufacturer providing electronic table games, so electronic blackjack. These are larger machines. They will seat multiple people, five, six individuals can sit and play at a time, so they are a larger machine and consequently have a larger cost.

Some real back of the envelope math that I've looked at is if you simply divide the RFQ amount by the number of VLTs you get prices that go from, excluding Shuffle Master, \$11,923 for IGT down to \$4,885 for KGM with other price points sprinkled in. And quite simple, you've just got manufacturers who produce different machines, different type of interest. You have some machines that are all video. You have some that have the old-fashioned reels in them. And the fact is is that patrons who come to these facilities have different interests. And some are interested in playing video poker on a tabletop,

and that machine doesn't cost as much as, you know, some of the new machines that have a great deal of intellectual property and time and effort put into them, and that increases the cost of the machines. So it's really, in working with the operator, Hollywood, Penn National, is to find the right mix of machines that will maximize revenue for the State. And in doing so they have determined that this mix, based on their experience which is what we are relying on, will generate the most revenue for the State. And that requires a diversity of machines, from some that are one might say the Cadillac version down to the economy size of slot machines.

COMPTROLLER FRANCHOT: Okay, but you recognize this is an unusual situation since I believe we are the only State in the country that is buying the slot machines for, you know, the operators of these facilities. That's something the Legislature, for reasons that I find hard to remember or understand, put into the original legislation. It's not your fault. But it does raise some incredible interest from the public who say, "Why are we, tell me

again why we're voting today on \$50 million for the gambling industry to buy slot machines for them?" And so I'm just interested, and since these are public dollars for slot machines, since we're the only state in the country that's doing this, I mean, it's an incredible windfall for this industry, I would think.

How do we know we're getting the best deal for the taxpayers? You mentioned you negotiated up until the last minute is the reason for not getting this to us. What did you negotiate over?

MR. MARTINO: We have been continually negotiating over price and MBE participation in this project. So --

COMPTROLLER FRANCHOT: Well let's take on price for a minute. What did you succeed in getting as far as price reductions?

MR. MARTINO: Do you want to speak to that specifically?

MR. HOWELLS: Well yeah, I mean we --

SECRETARY MCDONALD: Bob, you need to be at the microphone, please.

MR. HOWELLS: Sorry, excuse me. Robert Howells, the procurement director for the Lottery. Again, it is, as you state, Mr. Comptroller, somewhat of a unique situation. There are a few other states that also own the machines, but certainly it's not the majority. We are one of the minority that are in that situation. And we are also in the unique situation of having to buy machines and accommodate the needs of the facility operators. They are really the experts in the machines they need to make their facility profitable, and we have to rely heavily upon their guidance and their input on which machines need to be purchased. So we've gotten a lot of background on price from other states. We've relied upon Penn National to give us some input on prices of machines in other locations, and to give us a baseline as to what these machines cost in other parts of the country. And we've used that as the basis of our negotiation with these machine manufacturers to make sure they're in line with what we think are reasonable prices based on other states.



Now, if you recall when you approved the master contract for the VLTs there were nine master contractors. And we did have in that contract a maximum price structure that was set at that time. And then when we went through this process of actually purchasing specific machines the first requirement was that all those prices had to fall within the master contract limitations, the ceilings, on those machines. And we were hoping to get some better prices during this process and we have. And --

COMPTROLLER FRANCHOT: Can you get --

MR. HOWELLS: -- not only did we get better prices with their initial offers, but as Mr. Martino indicated we've gone back through a multiple series of discussions and best and final offers with the manufacturers to try and get them all to sharpen their pencils and give us better prices.

COMPTROLLER FRANCHOT: Okay, so that's --

MR. HOWELLS: And we have. We have achieved priced reductions from I believe all, certainly the vast majority.

COMPTROLLER FRANCHOT: Okay. So, but you can see my concern. Because Penn National doesn't care whether we pay what the machines are worth, or more. I mean, their interest is in getting the machines. We're paying the bill. So you mentioned you got price reductions. Can you specify that? Is there someone in your staff that can tell me that KGM Gaming was going to cost more than \$293,000? Or how about Bally Gaming?

MR. HOWELLS: Bally --

COMPTROLLER FRANCHOT: Bally Gaming, they, we're paying them \$12 million, 231 machines. Is there someone there that can tell me specifically --

MR. HOWELLS: The only one off the top of my head that I recall specifically, and it's because it was the one we were working on up until the last minute, was with IGT. We have approximately a \$3 million price reduction from them, which is reflected on the Agenda item that was --

COMPTROLLER FRANCHOT: Which is IGT? I don't see them on my list.

SECRETARY MCDONALD: On page twelve, Comptroller.

COMPTROLLER FRANCHOT: Okay, so we're paying them \$21.6 million, and what are you saying that we saved?

SECRETARY MCDONALD: You know, I think you're looking at a draft, Mr. Comptroller.

COMPTROLLER FRANCHOT: Am I?

SECRETARY MCDONALD: Mr. Comptroller, your item should have \$20.3 million. And yes --

MR. HOWELLS: Correct, yeah.

COMPTROLLER FRANCHOT: Well, you see what the problem is. Because, you know, we get this at the last minute --

MR. MARTINO: Yes, sir, I understand that.

COMPTROLLER FRANCHOT: And God knows what we have.

MR. MARTINO: And if you recall when we were here for the approval of the master contract, and when it was agreed that we would bring these items back before the BPW, that was one of our huge concerns. Was that because of the timing and the schedule that

we need to meet, that coming back to the Board was going to present some scheduling difficulties. And the Board staff was certainly kind enough to accommodate our items on a very short time table. We certainly do not expect that we will be operating on quite this short of a time table in the future. But with this first order of machines, and with getting the master contract approved back in April, this is the schedule that is being imposed in order for us to meet Penn National's opening date. And they are moving forward very rapidly and on a very, very fast track. They want to get open. And we've got this end of September target date and we certainly do not want to hold up the opening of that facility by not having machines in place.

COMPTROLLER FRANCHOT: So they have an end of September start, whatever it is.

MR. MARTINO: Opening.

COMPTROLLER FRANCHOT: Opening, okay, and end of September opening. Your testimony is that if we don't approve this today, that that's going to hold up an end of September opening?

MR. MARTINO: I think we are seriously jeopardizing that, yes, sir.

COMPTROLLER FRANCHOT: Okay.

MR. MARTINO: Our schedule has slipped a couple of times already, and another two-week delay, it puts them in jeopardy. That's the best answer I can give you.

COMPTROLLER FRANCHOT: Okay, and let me just, you brought up the MBE. The six vendors that have been scheduled for contract award, three of them apparently complied with the 25 percent MBE participation goal. Another three have requested waivers. Why is it that some companies have managed to reach the 25 percent MBE goal and half of them, half of them did and half of them didn't?

MR. HOWELLS: Do you want to address that?

MR. MARTINO: I think in the case specifically of IGT -- again I would hold out Shuffle Master. They only have six machines. It is very difficult to achieve when the core product doesn't allow for MBE subcontracting to raise that percentage. In the case of IGT, which has the largest number of

machines but has an MBE participation of 16.5, their waiver cited that all Maryland in State spend, 100 percent is going to MBE subcontracting, including maintenance, transportation, security, warehousing, and consulting of these machines. Now, they start from a higher threshold because their machines are more expensive. The fact is is that while there is some variance in maintenance, it is not so great as to significantly change that number. So where you start from a lower price threshold then your maintenance costs, your transportation costs accumulate higher. It doesn't cost any more to transport a \$20,000 slot machine than it does a \$10,000 one, or store it in a warehouse. So I think that that explains the discrepancy.

But we, in the case of the MBE goal, set an aggressive goal that we thought was achievable. We fell short. The overall plan, the overall weighted average, is 20.3 percent. We still feel that that is a significant achievement in an industry that has never operated in an environment where an MBE goal was put in place. And we feel that if we had had a lesser

goal, then we believe that we would have had lesser participation. So we're proud of the fact that we pushed. And a couple of the vendors fell short. And I think specifically with IGT they start from a high threshold, a high amount per unit. And then when you start factoring in the maintenance and the transporting, which are some variable but still in the scheme of things somewhat rather static, it just ends up adding up to a smaller MBE goal.

COMPTROLLER FRANCHOT: Well isn't, let me just interrupt. Isn't Bally Gaming at the same high threshold? And they achieved 25 percent.

MR. MARTINO: Their cost per machine is about \$1,500 lower, just kind of my back of the envelope math here, and they have 100 fewer.

COMPTROLLER FRANCHOT: Yeah, but they have a \$12 million contract for 231 machines, I guess. I don't know, maybe they're being --

MR. MARTINO: And again, I would just point out that in the case of both IGT and Aristocrat, in the waivers they have stated and it is clear that 100

percent of the Maryland spending is going to MBE subcontracting.

COMPTROLLER FRANCHOT: Well, I'm getting lost in the weeds here because frankly this is the first time I've even looked, I've had a chance to look at these figures. And, you know, I'm not satisfied with the MBE explanation. It doesn't make sense. This is, we've been told that this industry is naturally resistant to MBE requirements and I think they all ought to be at 25 percent, and we should get off on the right foot, with the understanding that this is a floor, not a ceiling. So I'm not happy with that.

I don't really, I guess I take your statement at face value that you've negotiated some reductions but I'd like to see that in writing from the Lottery Agency, identifying what savings were saved through this negotiation process. Because I don't see what the incentive for price reductions would be from their side.

And I particularly object to the process. You can't have an analytical, thoughtful discussion



about something that you get the afternoon before the Board meeting. So on all of, for all of those reasons, I'm going to vote no unless my colleagues want to postpone this until the next meeting. I think it puts us in a very difficult position.

GOVERNOR O'MALLEY: Does anyone else want to be heard on this matter?

SECRETARY MCDONALD: We did have a request to speak. Do you want Mr. Frazier to come on down?

GOVERNOR O'MALLEY: Sure.

SECRETARY MCDONALD: Mr. Frazier? There was one other formal request to speak. It was not withdrawn formally, but I heard, is there anyone who did want to speak today? Okay, Mr. Frazier.

MR. FRAZIER: Good morning, Governor, Comptroller, Treasurer. Thank you for allowing me to speak this morning. I want to start off by thanking the Governor's Office of Minority Affairs, the Maryland Department of Transportation, the Treasury Department, as well as Maryland Lottery for working together over the last year or so in coming up with a

viable plan to include minority businesses within Maryland's newest industry of gaming.

And I sort of predicted that we would have some culture problems with some of the gaming companies, and I'm surprised, pleasantly surprised that Spielo, Bally, and KMG Gaming achieved the 25 percent. And I want to bring light to that, and especially to the Bally and Spielo because together they have roughly 44 percent of the machines that are going to be placed at Penn National's Hollywood Casino. They have 44 percent, versus IGT's 41 percent. So when you look at market share, and compare cost, and how we can appropriate dollars to be spent for MBEs, if those two can achieve it surely the biggest one, IGT, can. And I've heard the argument that the machines cost more, much more sophisticated, various rights and so forth, but there's a way that they can hit it.

The maintenance, as I understand, is the largest spend as we see today, probably about \$10,000 to \$12,000 per machine over the five-year period. We could have more inclusion on the maintenance side.

And then we addressed the financing before. And I think the State is limiting itself, grossly limiting itself, the least imagination is possible, in putting out the RFPs and saying, "Oh, we're going to finance it." That takes away the creativity from the gaming companies and the imagination of bringing in minority financing sources. For example, in the next round if we were able to put out the RFP, or really this is a purchase order, not an RFP or an RFQ. Because we're getting prices, we're not getting alternatives, or anything like that. But say, "Gaming companies, why don't you go find financing?" And come back, since we're going to be paying the bill anyway, come back and let's see what your rate is. Let's see what our debt services to you, to the financing sources that you play. And then the Treasurer's Office, she can go and compare it, and she could put it out there, and let's compare. We might get a better rate on the outside. And I'm quite sure in understanding financing, that's less debt on the State's shoulder if it's on a third party and all we're doing is making annual payments or so.

So I think that we can do a better job in the next time around. But coming back to this, Governor, Comptroller, Treasurer, I ask you to hold off, hold off for two weeks. Because I believe that IGT, if they could come up, what, up to the eleventh hour yesterday, I think in another two weeks they could probably raise that to five or six more points. And that will allow the minority businesses, and I heard one of the gentlemen say that all of that money is spent with Maryland small and minority business? Well, that's great. Well, right now we are lacking \$2.3 million that the MBE community will not get off of this if we allow it to go through today. I submit that we should, two more weeks will not hurt a thing and we can bring that MBE number up. Thank you.

GOVERNOR O'MALLEY: Thank you. Anything else on this matter? I appreciate all the work that's gone into this. We've delayed this at least once before, had a lot of debate about this. There is no administration in the history of our State that has ever hit the 25 percent goal on MBE in the past. This administration is going to do it, and we're going to

do it in the middle of the worst recession we've seen since the Great Depression.

I appreciate the work that went into getting this participation level up to 20 percent. A few years ago we would have called 20 percent really, really good. The fact that we have higher ambitions, and higher goals, is not a bad thing. But I do think that in this case, with this particular type of product and service, I think 20 percent is a good, solid goal. And I know that as we do on all of our goals we'll strive to always do better. But I would like to see this location up and going as soon as possible.

The recession put a huge delay on what is a needed revenue stream to support our General Fund, particularly at a time when the most vulnerable of our citizens have been made even more vulnerable by the contraction in our economy and revenues. And I would move approval of this matter, and record Comptroller moving no?

COMPTROLLER FRANCHOT: I'll vote no against your motion.

GOVERNOR O'MALLEY: Well, I haven't gotten a second yet.

TREASURER KOPP: I second.

GOVERNOR O'MALLEY: Thank you. Okay. The Comptroller --

TREASURER KOPP: Governor, could I just say?

GOVERNOR O'MALLEY: Sure.

TREASURER KOPP: We did discuss this at great length at least once before, and the concern was raised about the timing. And I do appreciate it. I assume that IGT is going to want to bid on more than just this initial stage, and they will hear the concerns of the State and come back and attempt to address them although I recognize that the high price per machine obviously impacts that response.

I'm not wild about gambling, but the voters have spoken and I think we should get it up and get the money back to the taxpayers as soon as possible. And I hope our contractors, the gaming industry, will hear what the Comptroller said and will know that because the State for reasons I believe of security and openness is in fact taking on the burden itself of

procurement. That is one good reason why the taxpayers are getting a better share of the returns from gambling than in other states.

GOVERNOR O'MALLEY: Okay, all in favor signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed?

COMPTROLLER FRANCHOT: No.

GOVERNOR O'MALLEY: The Comptroller votes no. How about the balance of the Agenda, the Treasurer moves approval of the balance of the Department of Information Technology Agenda items, seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay." The ayes have it.

MR. SCHLANGER: Thank you.

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

MS. SWAIM-STALEY: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record,

Beverley Swaim-Staley representing the Maryland Department of Transportation. We have fourteen items today. We have, since Item 10 has been previously withdrawn. For the record, Items 1, 9, 11, 12, 13, and 14 have been previously revised.

I'd also like to take the opportunity to announce today that Stan Lane, who has been working on our procurement for the Board of Public Works for many, many years will be retiring, and this is his last Board of Public Works meeting.

TREASURER KOPP: Yay, Stan.

GOVERNOR O'MALLEY: Where is Stan?

(Applause)

GOVERNOR O'MALLEY: Mr. Lane, any words?

Thank you for your service.

MR. LANE: Thank you, Governor. Well, my wife and I are moving to Nevada.

(Laughter)

TREASURER KOPP: Just wait till October.

MR. LANE: Well we are, we're going to be here to vote for the Governor.

(Laughter)



MR. LANE: And take the Board of Public Works to Nevada with us, they could use you, in looking at the politics there, and they could use the Board of Public Works there. But Maryland would become my favorite vacation spot now.

GOVERNOR O'MALLEY: Good.

MR. LANE: I did meet some people in Nevada, and I do have some orders for some Old Bay Seasoning. I taught them how to steam crabs, so.

GOVERNOR O'MALLEY: Good. Well, congratulations to you.

MR. LANE: Thank you very much.

GOVERNOR O'MALLEY: Enjoy your retirement. Thank you for all your years of service.

MR. LANE: Thank you very much.

GOVERNOR O'MALLEY: Thank you, Mr. Lane. Okay, any questions on the Department of Transportation Agenda items?

COMPTROLLER FRANCHOT: Yeah, Governor, I had a, Item 14? If you could just explain what that is?

MS. SWAIM-STALEY: Yes. Item 14 are the contracts for the CSX service. CSX Railroad, of

course, provides our MARC train service along with Amtrak. These contracts would be for CSX. It includes an access agreement, which is of course the right of way that we use which is owned by CSX; the master license agreement, which includes many of the other services as well as our facilities and parking lots that are owned by CSX; and then the operating agreement which we intend to be a short term agreement, we hope, as we are in the process now of trying to secure a third party operator for these, what is now the CSX-MARC service in the future.

COMPTROLLER FRANCHOT: Okay. Good. And how deep is the market for commuter rail service operations?

MS. SWAIM-STALEY: I think the maximum that we know of any who have bid on these contracts, although I don't know they've ever all bid on one, would potentially be five. And that includes Amtrak, of course. So Virginia, I think it's been fairly public. I believe they may have had as many as four. So in terms of what each, you know, each bidder gets, I mean, each railroad gets as they bid these things

out varies. But I think the maximum potential would be five.

COMPTROLLER FRANCHOT: And with a new operator, do you anticipate the operating costs going up or going down for the public?

MS. SWAIM-STALEY: We believe it's possible the costs are going up. I don't, this was not intended only as a cost savings. It would be great if we achieved that. But quite frankly, CSX is a freight railroad and in Maryland, as in many other parts around the country, they are really quite frankly trying to get out of the commuter service business. They have been pushing on us for a very long time. And as part of the last agreement we agreed that we would in fact pursue a third party operator so that they could get out of the commuter rail business.

COMPTROLLER FRANCHOT: Well that I think is good news, because CSX, when I was on the, chairing the Appropriations Transportation Subcommittee, drove us crazy. You know, they were completely inflexible as far as their freight schedule. And the Camden and Brunswick lines were constantly in turmoil as far as

the scheduling. Do you think that schedule reliability is going to improve, or?

MS. SWAIM-STALEY: Well, remember we will still be on CSX's right of way. They will still be the dispatch. So there will be some challenges that will come just by virtue of the fact that we'll have two entities now sharing a single right of way. But they have assured us, they've been very cooperative as we've been working through the agreements, we've had some tough issues that we've had to work on. And so, you know, we certainly think everyone will go into this with the best expectations.

COMPTROLLER FRANCHOT: So we're going to aim for a positive?

MS. SWAIM-STALEY: We are going to aim, absolutely, for a better service. There will be performance standards and other things, hopefully, in the new contract. And as I said, CSX has been a very good partner through this process as we have agreed to look for a third party. And so I'm sure that I would expect their full cooperation in the future.

COMPTROLLER FRANCHOT: And the access agreement is for how many years?

MS. SWAIM-STALEY: The access agreement, I believe they are five-year.

COMPTROLLER FRANCHOT: Five years?

MS. SWAIM-STALEY: Yeah, it's five years with a five-year option.

COMPTROLLER FRANCHOT: Okay. Good. Thank you. Thank you, Governor.

GOVERNOR O'MALLEY: Thank you. Any other questions on Department of Transportation Agenda items?

TREASURER KOPP: I would like to just recognize Item 13, *Pride*, sort of the second stage of something we did, was it two weeks, four weeks ago? For the *Pride of Baltimore II*.

MS. SWAIM-STALEY: Yes. We will be turning the *Pride* over to the Pride Board. They have been very successful in their fundraising achievements for the past several years and have indicated, although the State has helped to pay for the *Pride* for many years, that in fact they could probably do a better job of supporting that effort if they owned the *Pride*.

In exchange for that we have negotiated continued use of the *Pride* for both educational purposes and economic development purposes, marketing of the State. And they are here as well, I believe.

TREASURER KOPP: It looks like a good beginning and good negotiations that you all did.

MS. SWAIM-STALEY: I think, again, that will be a very good, it's going to be good for the *Pride*, and the State will continue to receive the benefits it has received.

TREASURER KOPP: And we may get a little of our insurance premiums back?

MS. SWAIM-STALEY: And the, yes, we had \$41,000 we were paying in insurance, and we had been paying in the past in excess of \$200,000 in prior years. But as I said, as they've become stronger and done a great job with their fundraising they have taken on more and more of that burden.

COMPTROLLER FRANCHOT: Governor, could Ms. Christenson say something on behalf of *Pride*?

GOVERNOR O'MALLEY: Sure.

COMPTROLLER FRANCHOT: Or anybody?

GOVERNOR O'MALLEY: Come on up, *Pride* people.

MS. CHRISTENSON: Good afternoon, Governor, Comptroller, Treasurer. Our Chairman, Alfred Tyler, II is also here. We greatly appreciate --

SECRETARY MCDONALD: Please state your name for the record, please? I'm sorry.

MS. CHRISTENSON: Oh, Linda Christenson, Executive Director of the Pride of Baltimore, Inc., the private, 501(c)(3) nonprofit that's been running *Pride II* for several decades now. And we do appreciate, Secretary of Transportation, your efforts on our behalf for this effort that's been going on for a while. And we are delighted now to move forward with further fundraising efforts that will enable us to apply for grants via private foundations when we're not a State-owned asset. And *Pride II* is right now on her way to Boston, promoting the Port of Baltimore and Maryland businesses. And she has a very ambitious itinerary this summer, all five Great Lakes in one season. Chicago, Cleveland, Duluth, Erie, Oswego, New York. And as Secretary of Transportation said, we

will continue to promote Maryland the Port of Baltimore, and DBED will use the ship for private receptions for their business development efforts. Thank you very much.

GOVERNOR O'MALLEY: That's great.

Excellent. Thank you. Mr. Tyler, do you want to say anything? Please.

MR. TYLER: Mr. Governor, Treasurer, Comptroller.

TREASURER KOPP: Great tie.

COMPTROLLER FRANCHOT: Yeah, I like your tie. MR. TYLER: I think you might recognize that tie from the centennial for Baltimore, the bicentennial. I just want to thank you all for working with us. It's been a bit of a long pull. These are tough times, and we recognize that the State's funding would probably have necessarily dried up. It does make it a lot easier for us now to go out after grants and to continue the mission. So we're looking very forward to the next few years.

COMPTROLLER FRANCHOT: Excellent.

MR. TYLER: So thank you.



COMPTROLLER FRANCHOT: Thank you, good luck. And send us the press clippings from the visits to the Great Lakes.

MR. TYLER: We'll do that.

COMPTROLLER FRANCHOT: That's great.

GOVERNOR O'MALLEY: Wasn't there an 1814 figure, I don't know if it was Armistead, or Stricker, or you just said a long pull. Someone who said, "Let's give a long pull, and a strong pull, and together we'll all pull through this." Who was that? Was that Armistead?

MR. TYLER: I'll have to take your word for that.

(Laughter)

GOVERNOR O'MALLEY: Stricker? It was somebody. It was a very One Maryland moment, you know? Okay. Thank you all for your leadership on this issue, and many more years of proud service for the *Pride*. Any other questions, Department of Transportation Agenda items? It's moved approval by the Comptroller, 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: And the ayes have it.

And this concludes our meeting. Thank you.

(Whereupon, at 12:05 p.m., the meeting  
was concluded.)