

STATE OF MARYLAND  
BOARD OF PUBLIC WORKS  
LOUIS L. GOLDSTEIN TREASURY BUILDING  
ANNAPOLIS, MARYLAND

August 1, 2012

10:16 a.m.

P R E S E N T

GOVERNOR MARTIN O'MALLEY, Presiding;

HONORABLE PETER FRANCHOT, Comptroller;

HONORABLE NANCY KOPP, Treasurer;

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

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

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

THOMAS HICKEY, Acting, Director of  
Procurement, Department of Transportation;

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

ZENITA WICKHAM-HURLEY, Special Secretary,  
Governor's Office of Minority Affairs;

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

MARION BOSCHERT, Recording Secretary, Board  
of Public Works.

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P R O C E E D I N G S

GOVERNOR O'MALLEY: Welcome to the Board of Public Works for August 1, 2012. It's already August.

AUDIENCE: Good morning, Governor.

GOVERNOR O'MALLEY: How many of you are saying, "Where did July and June go?" So I am, so we have a, the reason we're in this setting is because we have a bond sale today. Madam Treasurer, you want to tell us what we're doing?

TREASURER KOPP: Yes. At about 10:25 we are going to initiate the sale. Amber Teitt, who is not here yet, will walk us through it. Amber is the new Manager of State Debt, as many of you know. And we look forward to a very successful sale. In total almost \$735 million, but it's divided into parts. The largest part being the part we are going to do at 10:30, which is the competitive sale of tax exempt bonds totaling \$478,660,000. We have a large number of firms that have signed up to compete for that money. There also are a couple of other parts that

will be conducted in the back rooms. A taxable bond deal for which at least 14 firms have signed up. So Maryland bonds are apparently very desirable in the market. And because of that I think we're going to get quite a good low interest rate, which will save the taxpayers significant sums.

For the record we did talk to the rating agencies on the 10th of July and they went through all of our books and everything and came up with a AAA rating for the State. AAA stable for Standard and Poor's and Fitch, AAA negative outlook continues for Maryland and Virginia with Moody's because of the linkages with the federal government, although I think that they are a little less automatic than they were a year ago in how they are looking at that.

To remind you that the sales today finance only capital projects in Maryland. Some states borrow money simply to meet payroll. We don't do that, one of the major reasons for being AAA rated. We did sell \$26,340,000 on last Friday and Monday in the retail

aspect of this sale. That was less than we had anticipated and the funds that were not sold at retail are rolled into institutional. I think the individual citizens of the State of Maryland, even though they have great faith in knowing that it's conservative and very safe, were not really happy with .36 percent return on their funds, for which one can hardly blame them. But that's what the market dictated.

We also are going to be doing a refunding sale of about \$191 million. Refunding, because we now can get a combination of lower interest to pay and because this is the time to sell them. We have two indices that we look at when deciding whether to sell. Whether you will make at least 3 percent on the money and also whether there is at least a 70 percent chance that this will be the best time in the remaining life of the bonds outstanding to reap this sort of benefit. So out of, using those criteria, out of all the money we have outstanding we found almost \$192 million to

refund. And we are projecting a total savings, net savings of at least \$10 million, we'll see when we, when the numbers come in. But that will be true savings to the people. I assume there will also be some premium involved in the sales, though we don't know what that will be. So we'll see what happens. And that's why we're here, Governor.

GOVERNOR O'MALLEY: Okay. We're here to see what happens.

(Laughter)

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor. I just wanted to welcome my son, Nick Franchot, who is in the back. He's standing under the clock. And he's the handsome guy under the clock. He's looking more and more like his mother everyday. But I'm very proud of Nick. He went to Yale, and then was several years in the private sector, and then worked for the Comptroller of the Currency. Comptroller Number One, as we call him. And then for the last two years has

worked for Treasury Secretary Geithner, directly for Mary Miller who is a great Marylander who may be the next Secretary herself down the road. But Nick is headed next month to Stanford Business School, and he's got some time to spend with me. And I'm glad he's here.

Governor, I'd like to focus my other remarks this morning on the fact that as all of you know far too many Marylanders are unemployed, underemployed, struggling just to keep the roof over their heads in this tough economy. The fact that far too many small, Maryland based employers are just trying to keep the lights on at a time when consumers aren't spending and the costs of doing business are going up.

We all know the stats. I'm not going to bore you with those. Instead I'd like to focus just for a moment on the 400 men and women out in Hagerstown who one day were last week were working, and the next day at the Good Humor plant which was shut down, they had pink slips. And for those of you



that know Hagerstown you can imagine how devastating it is to lose 400 good paying jobs in that area. It has such a strong manufacturing tradition. It's a town, frankly, that helped build the country. And it's devastating to those families whose lives are going to be turned upside down by all of this. Those of folks who are not going to be able to afford decent back to school clothes for their kids, folks that aren't going to be able to find another job in time to give their kids a decent Christmas. And as much as we dread thinking about it some of these folks may actually end up losing their homes and have no place to go.

These are just a few of the folks around the State that are hurting right now. On the flip side there are businesses that are succeeding in the face of adversity. Entrepreneurs that are investing capital and making money in our State. People that are finding work and getting back on the right professional track. It's going to be my goal in the

next few months to reach out to a broad cross section of Marylanders to get an honest, nonpartisan assessment of what's really happening in the economy. And I'm happy to announce today that I plan to visit each county in Maryland this fall on an economic listening tour.

Beginning in September I'll be meeting with a diverse collection of Marylanders to see how our tough economy is affecting them and hear what we can do as a State to give them a better chance to succeed over the long haul. I'll be talking to factory workers and small business owners, tech professionals, coal miners and farmers, nonprofits that provide mental health services to those who are ill, and those who offer job training, food and shelter for those who have lost everything. No bells and whistles. Just sitting down with folks and hearing what they have to say unfiltered on the front lines.

We're obviously in a political season and let's be honest. We're not going to get a lot of

candor from either side during the campaign. There will be Democrats who will try to tell us that things are better than they really are, for obvious reasons. And there are those Republicans who will try to tell us the sky is falling and that it is all the President's fault.

We all know that the truth is more complicated than that. I think we all have a limited appetite for the Washington insiders who talk about these issues in the abstract, distort the data like high school debate champs. I think Marylanders deserve better. I don't believe that we can sit down and have a sensible conversation about how to move forward until we're being honest about the economic problems facing us. I want to concentrate our energies on working people who need us to listen and take appropriate action.

So I'm very much looking forward to visiting these groups across the State and reporting back to

Maryland on what I hear. And Governor, it's good to be back. Thank you.

GOVERNOR O'MALLEY: Thank you, Mr. Comptroller. I see your people are here?

TREASURER KOPP: Peter, perfect timing. Thank you. Amber Teitt is going to walk us through. Kina Johnson-Malcolm is not a newcomer.

MS. JOHNSON-MALCOLM: No, I've been here for a while.

TREASURER KOPP: Who is in charge of our lease, our lease programs. She and Amber are going to be working this screen for this sale. I sort of outlined what we were going through and said you would take charge.

MS. TEITT: Thank you, Treasurer. We are preparing to receive bids on the First Series A Tax Exempt sale which will total \$478,660,000. And those

bids will begin to come in at, well they will be due at 10:30 so probably a minute or so before that the bids will come in. Treasurer? I think you wanted to do --

TREASURER KOPP: While we are waiting?

MS. TEITT: Yes.

TREASURER KOPP: There are a couple of parts of the resolution that have to be adopted before, and I will do that.

I move that the Board adopt the resolutions before us, this is Item 15 in the Secretary's Agenda. Adopt the resolutions before us today concerning the State and local facilities loan of 2012, second series in particular. I move that the Board ratify and approve the preliminary official statement dated July 19, 2012, which is on the Treasurer's website; the revised date and publication of the summary notice of sale for the 2012 Section Series B, C, D, and E Bonds published on July 19, 2012 in the *Bond Buyer*; and the resolutions the Board adopted on June 20, 2012

concerning the bond sale. And I would ask for a second and vote on that motion.

COMPTROLLER FRANCHOT: I second it.

GOVERNOR O'MALLEY: The Comptroller seconds. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

TREASURER KOPP: And regarding the Second Series A Bonds, which are the ones that Amber mentioned are coming up now, I move that the -- no, those are the ones that were, that was the retail sales Friday and Monday. Move that the syndicate of underwriters represented by Citigroup Global Markets, Inc. be awarded the Second Series A tax exempt bonds in the aggregate principal amount of \$26,340,000 with a net premium of \$3,826,553.87, and at a true interest cost of 2.5170 percent.

I further move that the bond purchase agreement for said bonds be accepted and approved and that the Second Series A Bonds be issued in the amounts and maturities and at the interest rate and prices set forth in the bond purchase agreement. And I would ask for a second and a vote on that motion.

COMPTROLLER FRANCHOT: I second, Governor.

GOVERNOR O'MALLEY: The Comptroller seconds.  
All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: And the ayes have it.

TREASURER KOPP: The Secretary is noticing

3.8

MS. TEITT: Okay. So we have just over a minute left. We're waiting on the bids for the Second Series B Bonds. The municipal bond market has been -- there's one bid -- at historic lows this month. And we're sort of excited and anticipating a great

interest rate on these bonds. We had seven bidders registered so we're anticipating that there will be approximately seven bids. So as we receive the bids we will, once we conclude we will go back, we will work with our financial advisor and verify all these, and we'll come back for Board approval later along with the other bids on the other series.

GOVERNOR O'MALLEY: Will they come back later? Okay, so do you want me to go into the Agenda? Or --

MS. TEITT: No, we're going, we'll get --

TREASURER KOPP: -- this part is over.

GOVERNOR O'MALLEY: No poetry?

(Laughter.)

TREASURER KOPP: You wonder what would happen if the fingers slipped, and --

MS. TEITT: So you can see unverified it looks like the potential winner might be Bank of American Merrill Lynch with a true interest cost of



2.169819. Which is very low. So we will go back and verify this, and then we will be back later.

TREASURER KOPP: I mean, it's great for the taxpayers. We can build those schools, and hospitals, and jails at a lower cost. Build more schools. What it says about our economy?

MS. TEITT: It's a great interest rate.

TREASURER KOPP: Very good.

MS. TEITT: Thank you.

TREASURER KOPP: Okay. So now we're going to go back and compute all these things and do the rest of the sale, and then Amber and Kina will be back at 11:30, or 11:20 --

MS. TEITT: Yes, around there. Yes.

TREASURER KOPP: -- with the results. Thank you, ladies.

MS. TEITT: Thank you.

GOVERNOR O'MALLEY: Thanks a lot. Okay, Secretary's Agenda?

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 16 items on the Agenda this morning. You are in the middle of considering Item 15. We also have two reports of emergency procurements. We are ready for your questions.

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

COMPTROLLER FRANCHOT: Move approval.

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

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on now to the DNR Real Property Agenda items.

MS. WARD: Good morning, Governor --

GOVERNOR O'MALLEY: Good morning.

MS. WARD: -- Madam Treasurer, Mr. Comptroller. We have 12 items on our Agenda today for your approval.

COMPTROLLER FRANCHOT: Governor?

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: I note on one of the items, and we've talked to the agency about this, we're being asked to approve a \$320,000 investment of Program Open Space money for three recreation projects in Caroline County. A playground in Greensboro, a basketball court in Denton, and new playground equipment. I obviously don't have any problem with that. It's terrific. But I wanted to just bring to the attention of the agency, and perhaps other people in the state that are paying attention to Caroline County what's not on the list. And that is a long overdue community swimming pool in Caroline County.

This jurisdiction, for those of you that are not familiar with it, is the, probably the only jurisdiction in Maryland that does not have a community swimming pool where kids and families can go on a hot summer day. And recently there have been two tragic incidents over there. In June a 22-year-old

woman drowned in a creek just outside Preston while trying to save a child who was in trouble, and just last month three little boys aged 12, 11, and six drowned while playing in Marshyhope Creek just outside of Federalsburg.

These were four kids that were just getting started, obviously. These young, the three little boys that died. I'll leave, let you imagine what Marshyhope Creek looks like in this kind of hot, steamy weather. And they'd still be with us, frankly, if they had a better place to swim on a hot summer day than a muddy, dirty creek. Frankly in 2012 I think we ought to be able to identify the resources to find a, get a community swimming pool. And it may be something where we partner with philanthropy and the private sector. Or it may just be looking at existing resources. I understand the YMCA of Chesapeake hosted a wonderful event at the Caroline County Club Pool where they offered free swimming and water safety lessons to more than 150 Caroline County kids.

GOVERNOR O'MALLEY: It's on Pealiquor Road, right?

COMPTROLLER FRANCHOT: So more than 150 kids came out at the end of July to learn how to swim. The need is so glaring and painfully obvious that although I want to salute everyone who made that event successful it's by no means a substitute for a permanent public swimming pool that would literally save lives in the future. And I hope the next time that Caroline County is before us with Program Open Space, whether your agency could try to work with them to identify some kind of construct that would allow, obviously these are expensive items, but would allow a community swimming pool to be constructed. It's not inexpensive, as I mentioned. But if we can all pull together, particularly in the business community and community philanthropists including the Y from the Mid Shore, to raise private sector money and supplement whatever private investment we have. And if you could help us develop a game plan, Madam Secretary, for

operating the pool once it's up and running. Whether it's through the Department of Parks and Recreation or through an agreement with the Y, which already has an active presence in Denton.

The bottom line is that I would strongly urge Caroline County to focus its time and energy on getting these kids a permanent public swimming pool. And any assistance they can get from your tremendous agency I would be grateful for.

MS. WARD: Thank you for your questions and your concerns. Surely a swimming pool could be funded, the development of a swimming pool could be funded.

GOVERNOR O'MALLEY: Has the county ever asked?

MS. WARD: Well, not formally.

GOVERNOR O'MALLEY: Right.

MS. WARD: It's eligible for the local side program, Open Space Program. However, as you know it's a big project, upwards towards \$5 million, \$6

million for an outdoor pool and \$15 million for an indoor pool. So a project like this takes years to accomplish and due to our current funding levels it's a project that requires saving on the part of the county.

Currently half of Caroline's monies are required to be used for acquisition projects. So if you look at the averages over the past ten years they have maybe \$100,000 per year that they could dedicate towards the development of a pool. So when you consider the way that the local side is funded is their bonds. So they have seven years to keep that money and save it.

I would agree that DNR can help. We have an expertise in the area of cultivating private and public partnerships. So --

COMPTROLLER FRANCHOT: Terrific. If you could sit down, I'm sure you sit down with them on a regular, but if you could sit down with them on this specific thing and see whether we can't come up with

a, some kind of creative constructive partnership. Because obviously the county is poor related to other counties, and they are not going to have the resources on their own. Obviously these things are not cheap. So, but if it was easy I wouldn't have to bring it up. This is a tough one and I appreciate any kind of attention you pay to it.

MS. WARD: Sure. Our State side monies that we can contribute are limited to acquisitions. I think DNR could sit down with the county and see if that were a possibility. Or perhaps work with them on joining forces with a private nonprofit.

COMPTROLLER FRANCHOT: I greatly appreciate it.

MS. WARD: Okay. Thank you.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?



(No response.)

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

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are nine items on the Department of Budget and Management's Agenda for today. I'd like to withdraw Item 7 and I'll be happy to answer any questions you may have.

GOVERNOR O'MALLEY: The Treasurer moves approval, seconded by the Comptroller --

COMPTROLLER FRANCHOT: Could I just before that --

GOVERNOR O'MALLEY: Sure, Mr. Comptroller?

COMPTROLLER FRANCHOT: If I could just get your perspective on Item 6, Madam Secretary? Because --

MS. FOSTER: Okay. Item 6 is a request by the Department of Transportation to add grant monies to an existing contract. The contract is one that

provides and educates the public about how they can go about assisting in preventing terrorist attacks. It's my understanding that basically they have received federal grant monies that are specifically restricted for use in advertising. And the department has essentially used all of the funds that were made available to Maryland. However, there are monies that were not used by the State of Virginia as well as the District of Columbia. As a result we have been able to benefit from their non-use. And the request here today is to take those monies and add them to this existing contract.

COMPTROLLER FRANCHOT: Okay. Well if you could just take a look at this contract and make sure? I would, because it's an insignificant amount of money, \$1.2 million, but it just struck me as almost negligible. Obviously we're all interested in the public being warned about terrorism. But spending \$1.2 million on this seems to be, you know.

TREASURER KOPP: Well is this gentleman from

--

COMPTROLLER FRANCHOT: Yeah, just --

MR. KNIGHTON: For the record, yes --

COMPTROLLER FRANCHOT: -- yeah, perhaps you  
can educate me.

TREASURER KOPP: Yeah --

COMPTROLLER FRANCHOT: How is this \$1.2  
million going to be monitored and verified that it's  
in fact is a good expenditure of the taxpayers'  
dollars?

MR. KNIGHTON: Thank you for your questions.  
For the record, Mr. Governor, Madam Treasurer, Mr.  
Comptroller, I'm James Knighton, Director of  
Procurement at Maryland Transit Administration. And  
basically what was going on here, these are federal  
grant funds for which the, they were originally  
appropriated in 2007 and the period in which they had  
to be spent was rapidly coming to an end. So when we  
went to the Department of Homeland Security we had to

look for a vehicle that we already had in place that we could obligate these funds under, a contractual vehicle. And we felt that this was the right thing because it benefits not just MTA but other transit agencies in the National Capital Region, including WMATA, Prince George's County, Montgomery County, and the entities that operate the Virginia Railway Express.

So we work with our partners. We go to them and say, "What do you need?" MTA is actually the lead agency in this. We've developed resources, everything from radio and TV ads to banners, posters, that sort of thing. And we go to them and say, "What do you need?" And they tell us and then we distribute that. And then --

COMPTROLLER FRANCHOT: Okay. I'm all for informing the public about what to keep on the lookout for. But we do that all the time. We can't go anywhere in the United States of America without people saying be careful for luggage that's left

unattended, etcetera, etcetera. And I'm just wondering whether spending \$1.2 million on yet another bunch of placards, or whatever this is going to be spent on, is useful, or whether it ought to be spent on more video camera, or you know, some more barriers, or some more, something real that would actually help security as opposed to just spend money on public relations.

MR. KNIGHTON: Thank you for your comments and that's a very good point. Between fiscal year 2005 and 2012 MTA has received about \$70 million in Homeland Security grants and about three-quarters of that has been spent on those types of infrastructure and operational improvements that you are talking about. So we will continue to look, you know, for those opportunities and find other grants. We're very aggressive in terms of looking for those.

TREASURER KOPP: So are you saying that this federal money is in fact tied to advertising not to these other hardware or software operational --

MR. KNIGHTON: It is, yes. Because the advertising contract is a vehicle that we had available towards which these funds could be put.

TREASURER KOPP: But the federal intent, I understand why you applied it to something that was ongoing and available. Is that the federal intent also?

MR. KNIGHTON: I don't know if that specifically is the federal intent --

MS. FOSTER: It was my -- yeah.

MR. KNIGHTON: Yeah, we have --

SECRETARY MCDONALD: We need somebody up to the podium, your name --

MR. KNIGHTON: Yeah, we have some, our program expert is here. He can --

MR. LEWIS: Good morning. My name is Earl Lewis. I'm Deputy Chief of Emergency Preparedness for the Maryland Transit Administration Office of Safety, Quality Assurance, and Risk Management, and also Program Manager for MTA's Homeland Security funded

security projects. And as Mr. Knighton said, approximately three-quarters of that \$70 million that we received between the federal '05 and the '12 fiscal year have been for physical security, reinforcement projects, critical infrastructure protection, and for law enforcement patrols. The \$1.2 million is actually part of a total of a nearly \$12 million that has been allocated between the fiscal year '07 and the fiscal year '12 grant years for a regional awareness campaign which is common from Northern Virginia all the way to the Baltimore Metropolitan Area.

So this \$1.2 million actually fits into that program. We actually had a gap that this fulfills for the second half of this year for a program that we really started in the middle of 2011. And this project, which is part of the layered security structure, you do the physical law enforcement presence; you do the infrastructure projects like CCTV, access control, etcetera; and then you also do

the public outreach to get everybody involved in helping to make Maryland and our region a safer place.

TREASURER KOPP: That's very helpful, thank you.

COMPTROLLER FRANCHOT: Yeah, no, and I, it's a relatively small amount of money, obviously. But it's still a million dollars. But I have a lot of confidence in the Secretary if she or somebody is looking at this to make sure it's not just another marketing contract that heads out there without any accountability and attention paid to what exactly we're out to here. I know it's not our money but it's somebody's money.

MR. LEWIS: No. Correct. And we get very specific oversight from both TSA and FEMA who have to approve what we spend these funds for. These are reimbursable grant programs. So we first have to get approval to do the project, then we go spend the money, then we apply for reimbursement to make sure we



only spend money on things that we are approved to spend money for.

And I'll also add that, as Mr. Knighton said, MTA was chosen as the project manager for this project by the regional transit agencies. So we're working with WMATA, VRE, and local government agencies in the NCR, including Prince George's County, Montgomery County, Fairfax County, the City of Alexandria, Arlington, the Potomac and Rappahannock Transit Company, as well as VRE.

COMPTROLLER FRANCHOT: Great. I'm going to vote for it. But would you please try to assure everyone that this actually does something useful?

MR. LEWIS: Yes. We also are, or TSA, to have to have it evaluated by the Mineta Institute.

COMPTROLLER FRANCHOT: Good.

MR. LEWIS: So there's actual details. And we want to learn from the impact of our earlier expenditures so we can improve the campaign as we move forward into the future.

COMPTROLLER FRANCHOT: Thank you, Governor.

GOVERNOR O'MALLEY: Sure.

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR O'MALLEY: The Comptroller moves approval on this. He does, I will point out, that should persons be interested in learning about the progress being made across 12 core capacities of homeland security at the State level we encourage them to go onto the State website, check out Governor's office, delivery unit, and the goals are there. The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

TREASURER KOPP: Can I ask you and I, what, forgive me, what is your name?

MR. LEWIS: My name is Earl Lewis.

TREASURER KOPP: Mr. Lewis, thank you. That was an extremely helpful description.

MR. LEWIS: Oh, you're welcome. And we do work consistent with the Governor's core capacities for Prepared Maryland. And we've been asked by the

TSA to give presentations at the National UASI Conference on some of the things that we're doing.

GOVERNOR O'MALLEY: Good man.

TREASURER KOPP: Well we're fortunate to have you. Thank you.

GOVERNOR O'MALLEY: And the ayes have it. Thank you.

MR. LEWIS: Thank you.

GOVERNOR O'MALLEY: Thank you. All right. We move on now to the University System of Maryland. Mr. Evans? Why are you looking like that, Joe? Come on.

(Laughter)

MR. EVANS: A bit of a rough day yesterday. Joe Evans representing University System of Maryland.

GOVERNOR O'MALLEY: Was it some disappointment in the Olympics, or what?

MR. EVANS: Oh, just one of the items. We have six items on the Agenda today. We'll be

withdrawing Item 6-RP. We're here to answer any questions.

GOVERNOR O'MALLEY: Any questions?

COMPTROLLER FRANCHOT: Just a comment on Item 4, which is a really good news story. This is something that President Bob Caret, the former President of Towson, supported. And now President Loeschke is moving the project forward. And it's, as I understand it, placing in Harford County a facility that Towson University and Harford Community College, and I believe also Morgan State is involved. But primarily it's Towson and Harford moving together.

MR. EVANS: Yes, sir.

COMPTROLLER FRANCHOT: And I just think it's commendable. I guess I have a couple of quick questions about is this envisioned primarily as a distance learning center? Or are people actually going to be in this, physically in the facility?

MR. EVANS: They are going to physically be in the facility. But I would like to bring up, Mark

Behm who is the interim Vice President for Administration and Finance and Towson University to answer this question.

COMPTROLLER FRANCHOT: Great. It's a great project. So --

MR. BEHM: Thank you. Good morning.

GOVERNOR O'MALLEY: Good morning.

MR. BEHM: We anticipate 700 students participating in classroom and laboratories at that new facility.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. BEHM: It was not intended to be a distance ed. We will have full time faculty there.

COMPTROLLER FRANCHOT: But you will offer distance learning capabilities, I take it?

MR. BEHM: Yes.

COMPTROLLER FRANCHOT: And is this something that Towson sees as a long term presence? Or now exactly do you --

MR. BEHM: This facility, 55,000 square feet, is a long term arrangement for us, yes.

COMPTROLLER FRANCHOT: And you are still going to stay in the HEAT Center --

MR. BEHM: The HEAT Center is going to continue primarily with our graduate programs, which can expand as we make room by moving undergraduate programs into our new facility.

COMPTROLLER FRANCHOT: Good. Well I salute former President Caret, Caret? Is it Caret?

MR. BEHM: Caret.

COMPTROLLER FRANCHOT: And also give my regards to President Loeschke and thank her for moving this project forward.

MR. BEHM: Thank you. I will do that.

TREASURER KOPP: Could I, you mentioned the faculty. Are these full time Towson faculty?

MR. BEHM: Yes. MHEC requires that programs of this type have at least 30 percent of the instruction taught by our full time regular faculty.

Some people will commute, others will actually be permanently assigned to the facility.

TREASURER KOPP: But they are not adjunct?

MR. BEHM: We will have the majority of adjunct, but there will be full time as well.

TREASURER KOPP: And do you have a roll out, I haven't seen a plan and I would be very interested. As you know I've been very involved for years in Shady Grove --

MR. BEHM: Yes.

TREASURER KOPP: -- and just in distributed learning. Could we see a roll out plan for the development of the programs and courses?

MR. BEHM: Certainly. Are you looking at academic programs?

TREASURER KOPP: Yes.

MR. BEHM: Yes, I can provide academic programs.

TREASURER KOPP: Academic --



MR. BEHM: We have a schematic of the building. I didn't know --

TREASURER KOPP: I was thinking of academic.

MR. BEHM: Okay. Certainly. We will provide that to you. Thank you.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

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

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

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

MR. SCHLANGER: Thank you.

GOVERNOR O'MALLEY: Thank you, Elliot.

Department of Transportation?

MR. HICKEY: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Tom Hickey representing MDOT. We have nine items on our Agenda today and I'm happy to answer any questions you may have.

GOVERNOR O'MALLEY: It's interesting to see you back there, Tom.

(Laughter)

GOVERNOR O'MALLEY: I believe that the Comptroller has a question about the algorithms involved in the --

(Laughter)

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR O'MALLEY: -- engineering of that bridge on page 583.

COMPTROLLER FRANCHOT: It's about a two-page question that I've got.

GOVERNOR O'MALLEY: Okay, any questions? The Treasurer, the Comptroller will take that up with you after this meeting. So the Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. Now on to the Department of General Services.

MR. COLLINS: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Al Collins, Secretary of the Department of General Services. We have 17 items on our Agenda, including one hand carried item. Items

10, 15, and 16 have been revised and we'd be glad to answer any questions on any of these items at this time.

TREASURER KOPP: I'm curious about Item 1-C.

MR. COLLINS: 1-C?

TREASURER KOPP: Is anyone here?

MR. COLLINS: Yes. Department of Natural Resources, Assateague, work there?

TREASURER KOPP: Yeah.

MR. COLLINS: Yes. Mr. Thomas? Bart Thomas, Assistant Secretary for Construction can tell you what we are doing for DNR at this particular --

MR. THOMAS: Good morning. Bart Thomas --

TREASURER KOPP: -- what you are doing here and also whether there is, and this is really more a DNR question I think, is there in the works an ongoing review of the sites and infrastructure we have to take account of change estimations of relatively near time storm surge driven by sea level rise?

MR. THOMAS: Correct. I'm Bart Thomas, Assistant Secretary for Facilities Planning. DNR is razing this facility as it has been flooded many times, to fix this flood. We have also done a complete survey of the water levels, the water table in the area, for the dunes for the future flooding and corrected that. And all the new buildings that we're building down there --

MR. COLLINS: Right.

MR. THOMAS: -- are going to be built above the flood stage.

TREASURER KOPP: And what estimations do you use in these --

MR. THOMAS: I don't have that information. But I would know that they, we just finished conducting the level of the water to see how the storm surges will affect through the depths of the water right offshore.

MR. COLLINS: We can get you the exact details on the estimations --

TREASURER KOPP: I think this is probably more a DNR issue.

MR. COLLINS: Sure. Sure.

TREASURER KOPP: But I'm concerned that --

MR. COLLINS: Yeah.

TREASURER KOPP: -- basically just so you know I'm concerned that some of our, I won't say algorithms --

(Laughter)

TREASURER KOPP: Some of the numbers that we use in our projections regarding the impact, particularly of surges, may not be, I'd like to know how we derive them and how up to date they are.

MR. COLLINS: Okay. And we'll be glad to get it to you. That's an active conversation between our Secretaries at DNR, MDE, and State Planning, as we do the out year planning. So we'll be glad to get back to you with that, Treasurer. I think we are all aware of your and the Governor's sensitivity relative to these issues.

TREASURER KOPP: Well and there just seems to be new conclusions being reached in the scientific community.

MR. COLLINS: Absolutely. We don't want to build it, fix it, and have it washed away, that's for certain. In the next 50 years, or 20 years, at least.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Thank you. You do a good job down there. The Treasurer moves approval, seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. Now are we awaiting?

TREASURER KOPP: We are. And it's going to be about a half an hour --

MS. BROGAN: They're, actually they are checking to see if --

TREASURER KOPP: They can bring in the information like the Pony Express as it develops. That would be appropriate. We actually approved Item 15 and I wondered after we did whether that was appropriate?

SECRETARY MCDONALD: Well I'm not sure. We said we could hold that one, obviously. We could break the meeting now if you wanted to, and come in back in 30 minutes?

TREASURER KOPP: Whatever you want.

GOVERNOR O'MALLEY: I don't know. It sounds like Ms. Brogan was saying they might be back before 20 minutes.

SECRETARY MCDONALD: Maybe they will.

GOVERNOR O'MALLEY: Okay. So what do we do? Take a ten-minute pause for the cause?

SECRETARY MCDONALD: Let's turn the court reporter off, save some dollars.

TREASURER KOPP: Ah, that's a good idea.



GOVERNOR O'MALLEY: Sure. We'll take a ten-minute break and come back as soon as the bond people are able to come back. Okay? Thank you.

(Short recess taken.)

TREASURER KOPP: This has been an amazing sale, very beneficial to the taxpayers of the State of Maryland and to our ability to improve our infrastructure, build the schools and university buildings at a very low, relatively low cost and low interest rate. Kina, do I just go through this? Or Amber, tell me what to do, Amber Teitt.

MS. TEITT: If you want to go ahead and move through the resolutions for each series. What we'll do is we'll show the bids as they came in and show everyone the winning bidder just as you read the details.

TREASURER KOPP: Okay. Well the next part in our series is the Second Series B Bonds. And I would move, Governor, that Bank of American Merrill Lynch be declared the successful bidder for the Second

Series of Tax Exempt Bonds in the aggregate principal amount of \$478,660,000, with a net premium of \$70,374,981.23, and a true interest cost, this is the average interest cost across the years, of 2.169819.

GOVERNOR O'MALLEY: Second --

TREASURER KOPP: The lowest, second we've ever received.

GOVERNOR O'MALLEY: Okay. Moved by the Treasurer, 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.

TREASURER KOPP: And I further move that the Second Series B Bonds be issued in the amounts and maturities and at the interest rates and prices set forth in the successful bid for these bonds. Second?

COMPTROLLER FRANCHOT: Second.

GOVERNOR O'MALLEY: 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.

TREASURER KOPP: So that is the bulk, that's  
the large part of the competitively bid tax exempt  
issues, which I remind you about 60 percent go to  
education, jails, community services and community  
projects that are needed.

Second Series C, which is the taxable bonds,  
those things which don't qualify for tax exemption, I  
move that Bank of American Merrill Lynch be declared  
the successful bidder for the Second Series C Taxable  
Bonds in the aggregate principal amount of  
\$23,000,000. There is no principal on taxable bonds.  
And a true interest cost of .446927 percent.

GOVERNOR O'MALLEY: 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.

TREASURER KOPP: I further move that the Second Series C Bonds be issued in the amount and maturity and at the interest rate set forth in the successful bid for the bonds.

COMPTROLLER FRANCHOT: Second.

GOVERNOR O'MALLEY: 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.

TREASURER KOPP: We're halfway through. The Second Series D Bonds, these are the Qualified Zone Academy Bonds. We want to get this right. I move that Morgan Stanley and Company, LLC be declared the successful bidder for the Second Series D Taxable

Qualified Zone Academy Bonds in the aggregate principal amount of \$15,230,000 with a coupon of 2.8 percent and a direct subsidy payment from the United States Treasury Department of 2.8 percent which is equal to 100 percent of the interest payable on the Second Series D Bonds. And I further move that the Second Series D Bonds be issued in the amount and maturity and at the interest rate set forth in the successful bid for the bonds. That's \$15 million at, essentially to Maryland taxpayers, zero percent interest.

GOVERNOR O'MALLEY: 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.

TREASURER KOPP: And finally for the Second Series E Bonds, which is the refunding bonds, I move that J.P. Morgan Securities, LLC be declared the

successful bidder for the Second Series E Tax Exempt Refunding Bonds in the aggregate principal amount of \$191,595,000. Subject resizing is provided in the revised official notice of sale with a net premium of \$42,897,518.74 and a true interest cost of 1.246848 percent. And I further move that the Second Series E Bonds be issued in the resized amounts and in the maturities and at the interest rates set forth in the successful bid for the bonds.

GOVERNOR O'MALLEY: 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.

TREASURER KOPP: And finally I move that the Board authorize and approve the issuance of the final official statement for the bonds.

COMPTROLLER FRANCHOT: Second.

GOVERNOR O'MALLEY: 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.

TREASURER KOPP: And Governor, this tells a  
very interesting story. Significant amount of money  
borrowed for capital construction purposes, some of it  
taxable, some of it tax exempt, included refunded at  
an extraordinarily low cost to the taxpayers because  
of a clear flight to quality because of the volatility  
and uncertainty of the global economy. It's very good  
for the taxpayers. We can build our schools and help  
our Treasury. But we all certainly hope that the  
global economy clears up over the next year, the next  
close future. And must say without clear consensus in  
Washington about what's happening with the federal  
government we all should be thankful we're in  
Maryland. But it's not an easy world we live in. But

I thank you for your support in this. And you know that these were issued by the Treasurer's Office on behalf of the Board of Public Works and the taxpayers of the State. I think we should all be very pleased that folks want to put their money and invest in Maryland. They see that despite the fact they are not going to get rich doing it it is a very good, conservative and safe investment.

GOVERNOR O'MALLEY: Okay. Madam Treasurer, thank you. Mr. Comptroller, anything else?

COMPTROLLER FRANCHOT: No.

GOVERNOR O'MALLEY: Okay. Motion to adjourn. Moved and seconded. Thank you.

TREASURER KOPP: Thank you.

(Whereupon, at 11:45 a.m., the meeting was concluded.)