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P R O C E E D I N G S

GOVERNOR O'MALLEY: Good morning, everyone.

I apologize. I had, for our late start on a late-starting meeting. I was in Washington today with, leading our presentation to a national board for the Race to the Top dollars. And you'll be glad to know that Team Maryland acquitted itself very well. Dr. Bill Hite from Prince George's County gets my award for being the most valuable player on the Q & A portion of the presentation. Governor Crist and the Floridians were following us. They haven't -- no competition there.

So anyway, we did very well telling the story of the people of our State, which is really remarkable when you consider our public school system in the toughest of times has been named two years in a row the best public school system in America, and the strides that are being made in Prince George's and Baltimore City. We are now a majority minority public school system as a State, and yet have our children taking more AP course than in any other state in the

country, and succeeding and doing very well in the face of the toughest of times.

So I was about the people's business, and otherwise I would have been here on time.

TREASURER KOPP: It was very important business.

GOVERNOR O'MALLEY: Any opening thoughts or comments?

COMPTROLLER FRANCHOT: I'd like to compliment the State on its education reform. I think that's terrific. And I also want to reach out and congratulate our colleague, the Treasurer, on her election to the --

GOVERNOR O'MALLEY: Oh, that's right!

COMPTROLLER FRANCHOT: -- National Association of Auditors, and Comptrollers, and Treasurers.

TREASURER KOPP: A mouthful.

COMPTROLLER FRANCHOT: And I don't remember voting for her, but I would have.

(Laughter)

COMPTROLLER FRANCHOT: Someone else is in charge, yeah. But I also want to just remind everyone that we're right in the middle of our Tax Free Shop Maryland Week, where every item that, of clothing and shoes that costs less than \$100 you can buy without the 6 percent sales tax. And families, I think, in the State are taking advantage of this opportunity for their back to school outfits. But I just want to remind everybody that there's a wide list of everything from fishing vests, to football jerseys, to, I hesitate to say this, but diapers are also on the list, too. I guess they're a form of apparel.

But the full list is on [marylandtaxes.com](http://marylandtaxes.com), the Comptroller's website. And I'm sure everyone who's interested in this will get out and try to do some tax free shopping. It's not a lot of money, perhaps, to some people, but every buck counts in this economic climate. Maryland families have had some tough years. This is a timely break, I think, for them, particularly those that are trying to get some back to school clothes. But it's a particular boon to Maryland retailers who employ 20 percent of our

private sector workforce. And last time we, the Legislature did this was in 2001 for a full week and we saw a 10 percent jump in retail sales. And so I hope that we get that kind of a boost this year and that will carry over into the fall shopping season.

I visited a number of the areas of the State to promote this initiative, and I'm urging people to shop Maryland. You save money, but it also really boosts the morale of these businesses that need new, not just traffic, they need new shopping. And as we come out of the tough economy that we're in, I think we'll be led by the retail sales. And I encourage everyone to get out there and shop local, shop Maryland, take advantage of the tax holiday. It runs through Saturday at midnight. And Governor, I applaud you for supporting this initiative, and also the Legislature for passing it. And not only passing it for this year but for every year in perpetuity the second week in August will be a tax holiday, unless it gets overturned which I hope it doesn't.



But yeah, definitely shop Maryland. It's such a great State we have. So let's get out there and shop, shop, shop. Thank you.

GOVERNOR O'MALLEY: Thank you.

TREASURER KOPP: Thank you. I recall that when it was first proposed and instituted it was very controversial and in fact as I recall it was an original proposal of the late Jean Cryor, a Republican delegate from Montgomery County who swayed everyone on --

COMPTROLLER FRANCHOT: That was in 2001.

TREASURER KOPP: Yeah.

COMPTROLLER FRANCHOT: But I think actually, I recall --

TREASURER KOPP: Was it --

COMPTROLLER FRANCHOT: -- Governor Schaefer being very involved in this. And he was, he was all upset with Ocean City, and Delaware not having the tax, etcetera. So I remember him pounding the table back in the --

TREASURER KOPP: Well it is good --

COMPTROLLER FRANCHOT: -- nineties.

TREASURER KOPP: -- always to point out Delaware, of course, has a value added tax that is snuck into the price of something and then they advertise that they have no sales tax. So our folks should remember when you're on the shore that in fact at least our taxes are open and transparent.

(Laughter)

TREASURER KOPP: Isn't that right, Comptroller?

COMPTROLLER FRANCHOT: Yes.

TREASURER KOPP: Yes. But I just thought it was interesting that some people criticized it on partisan grounds but in fact it was a totally nonpartisan -- you're right, it was the 2001.

Governor, I don't have anything to say personally except thank you very much. I look forward to a year leading, I never thought I'd be in a position to lead auditors, comptrollers, and treasurers, and I don't think anyone does. But I was very honored, and I thank the people who have sent me their best wishes. We have a treat on our Agenda later I am looking forward to very much, a

presentation on the Institute for Human Virology by Dr. Gallo and his colleagues. And I just want to thank everyone here for, especially those who don't know what a treat they have in store, for putting the time aside. Because this is another one of the bright stars in Maryland's crown and I look forward to hearing about it.

GOVERNOR O'MALLEY: Well, that's a good segue. Dr. Gallo, let's jump right into your presentation, and come on up with any of your colleagues you choose. Thank you for being with us today.

DR. GALLO: Thank you for having me here.

And Nancy --

TREASURER KOPP: Could I just say, Dr. Gallo, before you start, it was when the Comptroller and I were in the Legislature on the Appropriations Committee that Governor Glendening came with the great idea of trying to lure Bob Gallo and his colleagues from NIH to Maryland to create this great new Institute for Human Virology in Maryland. And it has been about a decade?

DR. GALLO: It's a little more now.

TREASURER KOPP: A little more now, and --

DR. GALLO: So, yeah, it's about thirteen years, so --

TREASURER KOPP: -- and the progress has been fantastic, and the work is wonderful. And so I thought it would be a good opportunity --

GOVERNOR O'MALLEY: And like some other great things that Governor Glendening did, then it became Governor O'Malley's responsibility to keep it going.

DR. GALLO: Keep it going? Well, I, yes --

TREASURER KOPP: -- Governor O'Malley --

DR. GALLO: Well you took some of the only words I was going to say because I was going to give you a surprise for the presentation. But I did want, well first, thank you for the invitation, Treasurer Kopp, and Governor O'Malley, Comptroller Franchot, thank you for having me here. And I was going to mention some of that history. But now that it's done I won't do it except to say thank you to the State and it, the beginning Governor and the current Governor.

We have someone that's the administrative head of the Institute, many of you have met here. We call him the Chief Operating Officer of the Institute, even though we're in an academic setting. And he's done a terrific, terrific job over these last many years. Not at the very beginning. But for some time now he told me that he's a fantastic speaker, and he never gets a chance. So he said he's really, really good at speaking, especially on total administrative matters, broad overview. So what could I do? He prepared the slides, and he said this is his moment. So Dave Wilkins is going to give the presentation.

MR. WILKINS: Already you have a sense of my daily challenges.

(Laughter)

MR. WILKINS: Again, thank you, Governor O'Malley, Comptroller Franchot, Treasurer Kopp, for inviting us. I was born and raised in Annapolis, a product of Maryland public education. I went to West Annapolis Elementary School, Bates Junior High School, Annapolis High School. Anybody here from any of those schools?

(Laughter)

MR. WILKINS: If I did anything in elementary school to you, I apologize. It's probably more likely some of you did something to me instead.

I really enjoy this presentation because in my role I don't actually do any of the things I'm about to tell you about. Other people do. So I get to brag about them and feel okay about that. But there's some really special things going in Baltimore that you should be aware of, and we're really pleased that Treasurer Kopp is giving us the opportunity to share them with you. Twelve slides, we're going to talk about seven things. It will be very brief, six to seven minutes, but I wanted to let you know what's happening in Baltimore.

Go ahead to the next slide, please. Who are we? We have a team of 300 researchers, doctors, and staff, headed by Dr. Gallo, Dr. Blattner, and Dr. Redfield who were recruited to the State thirteen years ago to set up a world class center of virology. And I think the success has been beyond anybody's

expectations, as you'll see as we go through the presentation.

Go ahead. Where are we? We're located in downtown Baltimore. We're part of the University of Maryland School of Medicine at the University of Maryland Baltimore. I see my friend Joe Evans here, who heads up procurement there. It's good to see a friend in the audience.

COMPTROLLER FRANCHOT: Dave, not to interrupt, but I think you ought to speak into the microphone.

MR. WILKINS: Okay, I'd be happy to. Thank you.

COMPTROLLER FRANCHOT: Because there are folks watching on the internet.

MR. WILKINS: Okay. And we also are present and have big impact in Baltimore through our relationship with the University of Maryland Medical Center. And as you'll see in a few slides later on, we have a large impact all over the globe. That map just sort of gives you a picture of all the places we're involved.

What do we do? Well, unfortunately the lettering at the top of this slide is a little small but we do five things. We do basic and vaccine research; viral oncology, which is searching for viruses that cause cancer; we work on animal models; we have clinical research, where we help patients; and we do epidemiology and prevention, which is studying the progress of disease for groundbreaking science, local presence, and global impact.

Leading HIV and AIDS basic research, we have a very promising HIV vaccine candidate I'll tell you briefly about. We've received \$300 million over the past five years through something called PEPFAR, which stands for the President's Emergency Program for AIDS Relief in Africa. It's one of the great things our country has done in the past century that very few people know about. And I'll tell you just a little bit about it in just a moment.

We operate Maryland's largest African American AIDS clinic in Baltimore. We have received patents on our technologies which we're commercializing through a spin off company.



So the first of the seven things, basic science. Under Dr. Gallo's leadership we have world class scientific researchers in laboratories in our Institute studying HIV, how it infects cells, how the cells respond, searching for viruses that cause cancer, and other viruses, hepatitis, HPV, Lassa fever. We get funding for these grants from the National Institutes of Health, the National Cancer Institute, and the Bill and Melinda Gates Foundation so that the work that we're doing in science generates economy in Maryland because we're getting these funds from outside the State to support the economy while we're doing our work.

This is particularly exciting. The picture on the right is not anything to go into detail but just to give you a sense of the details of the science that gets worked on. We have a very promising vaccine candidate for HIV, arguably the world's best in terms of how it has shown itself to be effective in the laboratory and in animal models. It's funded by the Bill and Melinda Gates Foundation. The Governor was gracious enough three years ago to host a press

conference in this very room when we received our first \$15 million award from the Bill and Melinda Gates Foundation to develop this vaccine. We're actually going out there again in two weeks to meet with them because we're submitted another \$25 million proposal to develop it into clinical trials because the first grant has been successful. It's always dangerous to talk about potential. But this is potentially the Gates Foundation's first HIV vaccine to go into clinical trials and we're very excited about that. We have collaborators at the National Cancer Institute and the U.S. Army who are working on this with us.

In addition to that one of the early missions of the Institute was to commercialize technologies that were developed at the Institute for the good of the Maryland economy. Profectus Biosciences is the spin off company that was created four years ago. It now has a \$12.5 million annual budget. It's located in East Baltimore and fulfilling the mission that IHV had. It's got contracts from Wyeth Pharmaceutical and from NIH, and is a thriving

biotechnology pharmaceutical going concern in Baltimore.

It's hard to argue what the most important thing is that we do because so many of these things are critically important. This topic is the 5,500 HIV patients that we treat in Baltimore on an ongoing basis. As many of you know Baltimore and Washington, D.C. have very difficult HIV/AIDS epidemics. The JACQUES Initiative is a cutting edge program that puts coaches to patients, coaches that work for us who have HIV, who help the patients understand how they need to take their medicine so that they'll be significantly treated. And the healthcare savings that are -- and I don't think we've ever really measured this. But of the 90 percent of the patients who stay in the program and properly treated, the savings against if they weren't properly treated are dramatic, I think, to the Maryland economy. We do need to measure that someday, but we haven't yet.

GOVERNOR O'MALLEY: A lot of this is direct observe therapy?

MR. WILKINS: It is. Direct observe therapy, you're exactly right. And what that means is that the patients come in and our staff watch them take their medication. If you have to take twenty-one pills a week for HIV and you take less than nineteen, the virus will mutate and your medication doesn't work anymore. I don't know about you, but I don't think I've ever taken twenty-one pills in a week successfully. And so for somebody who is down on their life to do that it takes help. And that's the program that we've put in place, for coaches to help people really stick to their medication.

GOVERNOR O'MALLEY: And it protects the rest of us.

MR. WILKINS: I'm sorry?

GOVERNOR O'MALLEY: And it protects the general population because --

MR. WILKINS: That's right.

GOVERNOR O'MALLEY: -- you don't want it mutating.

MR. WILKINS: When you keep the virus in check it protects the whole rest of the population, exactly.

Next, please. The Greenebaum Cancer Center, some of you may be aware that there is one of the nation's top cancer centers at the University of Maryland Baltimore. It was recently designated a National Cancer Institute cancer center, which makes it one of the top centers in the country. It gets awards for developing that from NCI. And one of the key reasons it was chosen is because we partner with them with our viral oncology program. More and more cancers are being shown to be caused by viruses that people didn't see the connection to. And there's still many out there to pursue that these national funding agencies are interested in. So the Greenebaum Cancer Center was designated this National Cancer Center award for one of the key reasons being its collaboration with IHV. And this is a real exciting future growth area for us.

Again, how do you point a finger on the most important thing we do? Perhaps the vaccine as a

future real global impact on HIV. But PEPFAR is certainly something we're very proud of as well. We have two major awards from this program, which again was the U.S. government's effort to improve the medical treatment access in Africa. And through Dr. Blattner we have a \$62 million a year program that has been developed in Nigeria. Through Dr. Bob Redfield - - Bill Blattner, excuse me. Bob Redfield has a \$25 million a year grant in nine countries in Africa and the Caribbean. And over the past five years since this program has been developed we are now treating over 500,000 patients in these nine countries. So I just think this is a great story of Maryland tax dollars that are being used to support the economy in Maryland with the outgrowth being this work saving half a million lives in Africa that so few people know about. I personally am proud to be a Maryland taxpayer supporting something like this. And I just, again, I thank you to Nancy for giving us the opportunity to let you all know that this is going on. Because I wonder how many people really know about this. But this is 10 percent through our Institute in

Baltimore of the entire U.S. effort to help people in Africa.

TREASURER KOPP: And just as the Governor pointed out that the Jacques program helps not only the individuals with AIDS but the entire community, obviously trying to stem the tide. And Africa helps the entire global community.

MR. WILKINS: One of the interesting things about HIV is it permits other diseases to coinfect people. There's a tuberculosis epidemic raging in Africa now that was wiped out twenty years ago or so, that's reemerged because of HIV. And so you fight HIV and you fight so many other health impacts as well.

TREASURER KOPP: Well I think actually this is one of the scariest pieces --

MR. WILKINS: Right.

TREASURER KOPP: -- of news. Because tuberculosis travels very easily.

MR. WILKINS: Do you want to make a comment, Dr. Gallo?

DR. GALLO: One comment, I don't want to give the impression that the Maryland taxpayers are paying for the Africa program.

TREASURER KOPP: No.

MR. WILKINS: Right.

DR. GALLO: That's all. I mean, I, you scared me with that phrase. I'm saying, "What?" So that comes completely from the PEPFAR. But you meant the origins of the Institute.

MR. WILKINS: Right.

DR. GALLO: No, I think you covered things. I think you hit the highlights of the Institute at the moment. And there's a lot of things that I don't think people here would be fundamentally interested in at this stage, which are basic sciences, cancer, and then viral diseases with HIV at the top of the list. So --

GOVERNOR O'MALLEY: Can I ask you, Doctor, if you would come to the mike? I know that so many of these things are subject to the trials, and there's a reason for doing the clinical trials. But what is



the, what is the time frame we're looking at in terms of your very promising vaccine?

DR. GALLO: When Dave mentioned that we're going to Seattle this month, it is exactly to discuss where the application is. Because we were requested to come in. I don't know of anybody else that's been asked. But Gates announced at the international meeting that he was for the first time ever confident that there would be a successful HIV preventative vaccine in the next ten or twelve years, or whatever it be. And that they would be making some announcement soon. So we try to think of where the competition is. I'm not sure we know where it is. We expect we will be selected. But, you know, we're, we may be weeks away from being able to say that. We are weeks away from being able to say that.

GOVERNOR O'MALLEY: Mm-hmm.

DR. GALLO: So if we're selected, what's next? It would be fairly rapid to go forward in clinical trials. The clinical trials would start in Maryland. And, you know, if Gates does not fund it for clinical trials we'll have to restrategize or go

directly to some major pharmaceutical company. But I'm expecting they will. They put in \$15 million already on the grant and PIO. And we submitted this \$25 million additional grant. And we keep getting statements like, you know, "Show us other buy ins." Because they're afraid to make this decision without a lot of national agreement. It's not like NIH can play this or that idea, or maybe favor it.

So the Army came in, Sanofi Pasteur came in with us, Profectus the spin off company. Am I forgetting one? I think of other people providing --

MR. WILKINS: NCI.

DR. GALLO: Yeah, the National Cancer Institute. So Gates is not alone in funding this. The Army will be involved heavily. They have a big virus program. Not a great deal of money, but they already told me this is their priority for collaboration. Sanofi Pasteur would provide significant financial input with reagents, things that you need to do for the vaccine. And NCI would do the clinical trials in Bethesda, and we'll do clinical trials in Baltimore at our Institute.

So, I mean I hope we can say something right at the beginning of the Fall, that we announce that this is funded.

GOVERNOR O'MALLEY: As far as the next phase? As far as --

DR. GALLO: Well, that Gates funded this next bigger grant.

GOVERNOR O'MALLEY: Right.

DR. GALLO: We would certainly let all the people here, the right people here know. And if that's true they'll give us a time course for when the money comes and when the trials would begin.

GOVERNOR O'MALLEY: Well we're, I tell you that your story and the work that you're doing makes all of us, I don't know that proud is even the right word.

DR. GALLO: Well, you've said it many times. And I agree, yeah.

TREASURER KOPP: Hopeful.

GOVERNOR O'MALLEY: We're hopeful, we're heartened, and we're glad to --

DR. GALLO: Thanks very much.

GOVERNOR O'MALLEY: You know, this is a partnership between, you know, the great people that you've been able to recruit, you and Dr. Redfield, to Maryland.

DR. GALLO: Well, remember we came here naked from NIH. We didn't have a dime. And I thought, "You know," --

MR. WILKINS: Financially naked.

(Laughter)

DR. GALLO: You know, I felt red carpets are coming, and you know --

GOVERNOR O'MALLEY: It was a hot day then, too.

DR. GALLO: No, you know, you said you proved yourself with NIH, and you know, this and that and the other. So we'll just be all, you know, loving. But there is the dollar. People at the University they look and more work, you know, money. So fortunately things have gone in the right direction.

I want to close with this. Is that we had, Dave mentioned some things. But we have a great

board, currently chaired by, for the last several years, former Lieutenant Governor Kathleen Kennedy Townsend. And Nancy has been part of our advisory role from day one. So we really have been helped by the State. Not in just the beginning, financial and some basal support, which you can see there is not quite what it used to be but it's not bad. But the total, you can see where we are now. But it's really been getting input and advice. And we know you're there. So.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes, I just wanted to thank Dr. Gallo.

DR. GALLO: Thanks.

COMPTROLLER FRANCHOT: As the Treasurer commented, she and I were both in the Legislature when you came.

DR. GALLO: That's right.

COMPTROLLER FRANCHOT: And there were some -

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DR. GALLO: Yes.

COMPTROLLER FRANCHOT: -- if you recall the legislative auditors, everybody --

DR. GALLO: I made a mistake. That's right --

COMPTROLLER FRANCHOT: And --

DR. GALLO: -- Mr. Franchot was there. And there were some people --

COMPTROLLER FRANCHOT: Yeah, it was --

DR. GALLO: -- that we had to have friends like you guys or this wouldn't have happened.

COMPTROLLER FRANCHOT: But anyway, the fact of the matter is that many states would covet you and your lab, and want you to be there. Other universities want you. The fact you're here with us in Maryland is a source of pride. You have won several times the most prestigious award, the Albert Lasker Award, in America. You should have gotten the Nobel Prize, and I hope you will get it in the future. And --

DR. GALLO: I don't disagree with you.

(Laughter)

COMPTROLLER FRANCHOT: Self-confidence. But

--

DR. GALLO: Well, you know, I'll send you a paper that a Swede just published about all of this. It's interesting.

COMPTROLLER FRANCHOT: I did want to ask one question. Because we're very interested, obviously, in the prosperity of our State down the road. We happen to think that a lot of these breakthrough laboratory discoveries that are going to be commercialized, we'd like them commercialized in Maryland.

GOVERNOR O'MALLEY: That's right.

COMPTROLLER FRANCHOT: And I noticed you have a start up company. But any thoughts that you have on how we can capture not just your discoveries, but what's going on at Hopkins, and other institutions?

DR. GALLO: Right. I think one of the things is to get the big pharmaceutical companies more aware of and, you know, I do try to do this. I mean, it's not my full time job. But when I have an

opportunity I do talk, I mean we had Merck visiting twice in the last few weeks. And I do talk about why aren't they here? Well, they give historical reasons. They don't get into taxes. But one wonders if that's part of it. But they generally give me the historical reasons. Well, that's where they are, etcetera. But I think working out a short and long term strategy to bring pharmaceutical companies to have some larger representation in Maryland is probably a critical thing.

When this is produced, where will it be produced? You didn't mention it. I think you were being maybe kind? You ask me where do I, you know, would we be producing in Maryland? And Governor O'Malley has asked me that before.

GOVERNOR O'MALLEY: How many times, Doctor?

DR. GALLO: Oh, I think every time I see you. Well, what about production facilities? And, you know, we're going to be not in the hands of Gates, because it's where more or less what we set up and want to do. But the struggle, as Dave reminds me, is Gates, I mean yes, he's got a lot, billions of



dollars, but they always want to do things as cheap as possible. So they always ask, you know, looking to see, well, can you do better in Maryland? Because we can produce this over there in Wisconsin, and bottle it over there in Carolina. And that's what our spin off company, Profectus, has told us five minutes before his presentation. That they're being a little pushed in that direction.

So when we're there on I think --

MR. WILKINS: The 24th.

DR. GALLO: -- 24th of August, we'll bring it up as strong as we can.

GOVERNOR O'MALLEY: We'd like to push back. Because --

DR. GALLO: Yeah, we'll push back. But then they're going to want to talk to somebody in the State.

GOVERNOR O'MALLEY: Good. And I want to talk to them. And they're not shy about calling when they want Maryland to weigh in on the congressional level on protecting innovation and investments in innovation. We're number two in the country in life

science and biotech, only behind Massachusetts according to the Milken Institute.

DR. GALLO: Well I can tell you something else that is not well known in closing with this. Yeah, I'm part of it but it's not me really. But it's the fact that there's something called an impact factor that the National Academy of Sciences commissioned a mathematician to look at how to evaluate work done and what it's led to by how many references, but also how many fields do you get those references, and how far out of the field, how long those references last. Four in the top ten are working in Baltimore.

GOVERNOR O'MALLEY: That's great.

DR. GALLO: Yeah.

GOVERNOR O'MALLEY: Well we want in every way, you know, we do great on the research, we do great on, because of your leading work on unlocking these weapons of mass salvation. But we want to be in the production. And I appreciate any assistance you can give us on --

DR. GALLO: Well I'm going to say you're putting me in a very awkward position to dictate where things have to be produced.

GOVERNOR O'MALLEY: I know. I know that's -  
-

DR. GALLO: I feel awkward.

GOVERNOR O'MALLEY: Yet you handle it so gracefully.

MR. WILKINS: The last point we want to make is just a big thank you to everyone in the State government who supported us. As Dr. Gallo properly pointed out, that bottom little purple row you see there is the \$3.5 million of State funding we receive through the University on an annual basis to support the entire Institute. All of the PEPFAR work, which is the light blue part of the column, are grants that we receive from the federal government. So all of that pays for itself. But it's the base funding that supports the entire Institute that everybody helps. And we just wanted to let you know what is happening with those funds that you've seen growing from \$10 million in '97 to \$116 million today, the 300 jobs

that have been created from it, and we want to thank you for allowing us to do that, and for your support, and for letting us come here today and communicate some of this. Thank you.

GOVERNOR O'MALLEY: What is that traunch that's called grant directs?

MR. WILKINS: So grants directs are the other basic research grant funding that we get. And direct means that it's the program work as opposed to indirects which is more the overhead costs that support the Institute from a general standpoint.

GOVERNOR O'MALLEY: And the source of that is federal?

MR. WILKINS: The National Institutes for Health, the Gates Foundation, the National Cancer Institute, organizations like that, yes.

GOVERNOR O'MALLEY: And the indirects and the University, the source of funds for that is the University, right? The one at the top?

MR. WILKINS: Those are actually the indirects that the University uses to support its broader goals. And then the part that's the maroon color is the part that we get to use, which we use to reinvest in these programs that you heard about today.

TREASURER KOPP: But the indirects flow through the University.

MR. WILKINS: Right.

TREASURER KOPP: But they are also connected with the grants from the feds --

MR. WILKINS: That's right.

TREASURER KOPP: -- the foundations, whoever gives the original grant.

GOVERNOR O'MALLEY: Well, we're proud of you. Thanks very, very much, and thanks for your patience. And looking forward to that vaccine, Doc, thank you very, very much.

MR. WILKINS: Thank you.

TREASURER KOPP: Could I just finish up by saying I think this has been a great investment for the people of Maryland. And Governor and Comptroller, even in these very, very tough times you can see that

keeping on continuing investing in research and education, in the growth industries, has resulted not only in very great significant funds flowing to Maryland but the health and indeed the very lives of hundreds of thousands of people. And I just thought this was a magnificent --

GOVERNOR O'MALLEY: It's kind of hard to put a price tag on that, isn't it?

MR. WILKINS: Thank you.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Thank you, Treasurer Kopp. Okay, we now go to the Secretary's Agenda.

SECRETARY MCDONALD: Thank you. Good morning, Governor, Madam Treasurer, Mr. Comptroller. This morning we have nine items on the Secretary's Agenda. There are two reports of emergency procurements. And we're prepared to respond to any questions you may have.

GOVERNOR O'MALLEY: Questions on the Secretary's Agenda? I don't have any questions on it, anybody need to be heard on it?

SECRETARY MCDONALD: I'll entertain a motion.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on now to Program Open Space.

SECRETARY MCDONALD: And she has no items this morning, so we're going to go to Secretary Foster and the Budget --

GOVERNOR O'MALLEY: Department of Budget and Management.

MS. FOSTER: Governor, Madam Treasurer, Mr.

--

GOVERNOR O'MALLEY: Congratulations, Lee, you were eloquent as usual in court here.

(Laughter)

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are six items on the Department of Budget and Management's Agenda for

today. I'd like to withdraw Item 2. And I'll be happy to answer any questions you may have.

TREASURER KOPP: Item 2 will be returning, I assume?

MS. FOSTER: We will be bringing it back at a later date.

COMPTROLLER FRANCHOT: I have some --

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes, Item 3-S, Madam Secretary?

MS. FOSTER: Yes. Item 3-S is a contract for financial advisor in the area of public bond financing for housing projects. And Steve Silver from the Department of Housing and Community Development is here to answer any detailed questions you may have.

COMPTROLLER FRANCHOT: Great. I guess the question that I have is it's a \$2.5 million contract for financial advisory services and there's only one bidder. Why is that?

MR. SILVER: The housing finance arena that we work in is there's only a few financial advisors throughout the country that do consolidated cash flows



and provide financial advisory services. In the past I think the most we've ever had is three. This time we only had one successful bidder. We had another bidder that was disqualified because they didn't meet the minimum qualifications and they didn't do the MBE correctly as well as changing our proposal. They only wanted to bid on part of it. So this is a firm that's qualified. It's well renowned in the area of housing finance and they were the only one who bid this time. Yeah, you're correct.

COMPTROLLER FRANCHOT: Okay. So my information is they've done this for eleven years.

MR. SILVER: Yes.

COMPTROLLER FRANCHOT: What did they, has there been an escalation in the contract price?

MR. SILVER: No. They, the last bid was in 2006. I mean, they are, I think it's \$2,500 more this bid than the one in 2006.

COMPTROLLER FRANCHOT: And was there competition then?

MR. SILVER: Yes, there was. And I believe they were the low bidder. There was one successful,

there was one other firm that bid against that met all the qualifications. And they were lower, Caine Mitter, the awardee, was lower than them.

COMPTROLLER FRANCHOT: Okay. Well I have two concerns here. Number one, I think this is, I listened to your explanation but I don't think this is an area where we should accept sole bid proposals like this. I just can't imagine that in the financial services area there aren't other companies, my own staff went on Google and found several that were in this space. So it concerns me that there's no competition.

My second concern is that, you know, this is a significant amount of money. And most of the expertise in State government in this area is with the Treasurer. And not to put her on the spot, but it certainly strikes me that a lot of what you're looking for here could be done by her expert staff. I mean, this is basically cash flow analyses?

MR. SILVER: They are cash flow on housing revenue bonds, which are different than municipal revenue bonds. And we did send out to twenty-two

firms to bid this. It's, we did reach out to a lot of different firms. There are, once again, the housing municipal finance area is a very unique area in the world of finance, municipal finance. So I'm not saying there are not other firms out there. There are very few firms that do housing finance and do the cash flow.

COMPTROLLER FRANCHOT: Well I just fall back on my earlier statement that I, in these, particularly in these competitive times --

MR. SILVER: Right.

COMPTROLLER FRANCHOT: -- I find it pretty extraordinary in this area, as specialized as it might be, and I'll obviously defer to the Treasurer as to whether she's even interested in looking at this. But I hope that we could bring it in house.

TREASURER KOPP: Could I just? We do not have on the Treasurer's staff the competence, specific specialized competence to do this ourselves. It is very, it is very specialized. On the other hand, I do believe the Treasurer's Office has a legal responsibility to participate in the procurement of

these services and was not involved. And that surprises me very much.

MR. SILVER: Typically, because there was one bidder we did not do the interviews or go through the process. Historically we have always had a member of the Office of the Treasurer sit on our evaluation committee. And it's usually a member --

TREASURER KOPP: I can't speak to that. All I know is what I read in the Constitution and the law.

GOVERNOR O'MALLEY: Do you want to rebid it?

TREASURER KOPP: I can't, we had no role in it.

COMPTROLLER FRANCHOT: I'd be happy to rebid it.

GOVERNOR O'MALLEY: What are we on here? 3-S?

COMPTROLLER FRANCHOT: Item 3-S.

SECRETARY MCDONALD: This is Item 3-S.

MS. FOSTER: This is Item 3-S on the DBM Agenda.

TREASURER KOPP: I am sure that the Department requires such services and requires them

when they need them. I don't know anything about their timing but I do have some question if it was done -- I'm not saying it was done appropriately. All I'm saying is that I believe we ought to have been involved and were not.

MR. SILVER: Certainly we could, yes, I mean certainly when we look at this again, I mean, that is something we'll add a member, put, do it through the Treasurer's Office. I don't --

TREASURER KOPP: In 2014?

MR. SILVER: Right. I mean --

GOVERNOR O'MALLEY: It sounds like we want to go back and redo this. So the Comptroller moves to, what impact will this have --

TREASURER KOPP: I wonder what's involved, yeah?

GOVERNOR O'MALLEY: -- if we don't have this?

MR. SILVER: Well it would have a major impact if we didn't have it. We can't go to do new bond issuance, new housing issuance, without doing cash flows for the credit rating agencies. I would

urge you not to take that action in the long term.

Certainly if we want to look at an --

GOVERNOR O'MALLEY: Are they already the person doing it?

MR. SILVER: Yes, they are already --

GOVERNOR O'MALLEY: Well then why can't we just extend it for six months and then you're good to go, and then you can do the process properly and have the Treasurer involved?

MR. SILVER: We could certainly do --

GOVERNOR O'MALLEY: Okay. What do we need to do to execute those dance steps here?

SECRETARY MCDONALD: You could either defer this item or you could just approve this item with instructions to extend --

TREASURER KOPP: What happens if it's deferred for two weeks?

MR. SILVER: Deferred --

MS. KENNEDY: Eleanor Kennedy, I'm the procurement officer --

TREASURER KOPP: Mm.

MS. KENNEDY: -- for the Department of Housing and Community Development. I didn't hear your question?

TREASURER KOPP: What's the impact of deferring it till the next meeting?

MS. KENNEDY: Until the next meeting? The contract, the current contract doesn't expire until August 31st.

GOVERNOR O'MALLEY: Good.

MS. KENNEDY: So we, this would be in effect September 1st. We wouldn't have time to reprocur by then --

TREASURER KOPP: No.

MS. KENNEDY: -- but we could look into your concerns.

TREASURER KOPP: It would give us time to discuss it.

GOVERNOR O'MALLEY: Yeah. And then in the meantime we'd make, you guys can see what's on the flight path, and figure out the proper way to do this so the Treasurer is involved as she --

MS. KENNEDY: I'm not sure when the next meeting is. Is the next meeting --

SECRETARY MCDONALD: The next meeting is September 1st, three weeks. I'm sure you can do a bridge contract for a few days to get you to the September 1st meeting. And in that time --

MS. KENNEDY: Well it would be, well it would be --

TREASURER KOPP: -- between now and then.

MS. KENNEDY: -- the next, this would be in, yeah, this would be, the current contract runs through August 31st, so.

GOVERNOR O'MALLEY: Okay, the Comptroller moves to defer to the next meeting, 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. Any other items on the Department of Budget and Management Agenda? Okay. The Treasurer moves approval, 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: We move on now to the  
University System of Maryland.

SECRETARY MCDONALD: Mr. Evans is here.

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

GOVERNOR O'MALLEY: Tell me about the  
marketing and advertising services for the Robert H.  
Smith School of Business.

MR. EVANS: I'd like to call up Mr.  
Stirling.

MR. STIRLING: Good morning, Jim Stirling  
for University of Maryland College Park.

GOVERNOR O'MALLEY: Hi, Jim. What is this  
item?

SECRETARY MCDONALD: Seven.

GOVERNOR O'MALLEY: Item 7. Why can't I find it in my book?

SECRETARY MCDONALD: Page fourteen.

GOVERNOR O'MALLEY: Got you. And what do they do?

MR. STIRLING: They do marketing and advertising for the Robert H. Smith School of Business at College Park. It's a contract that we awarded last year and it's up for its first renewal option.

GOVERNOR O'MALLEY: And what do they do?

MR. STIRLING: The marketing and advertising campaigns specifically targeted for programs run by the business school. As you know, they have the traditional MBA Program, the Executive MBA Program. We have overseas operations so they're involved in marketing and advertising for all of those programs. It's the creative effort to handle the media by.

TREASURER KOPP: How do you assess their success? I mean, I know you believe they are successful. How do you know that?

MR. STIRLING: Well, it's a, they just started a new campaign last year, so --

TREASURER KOPP: Right.

MR. STIRLING: -- we're in the early stages of it. We actually, judging from the spend on this thing, didn't move it along as quickly as we expected. We only spent about \$600,000 or \$700,000 last year. I think we estimated about \$1 million. So it's a new campaign. I'm not sure we're in a position to judge the final results of it yet, but --

TREASURER KOPP: But when you do, seriously --

MR. STIRLING: Right.

TREASURER KOPP: -- when you judge the results, what are you going to be looking at? What are the indicators of success?

MR. STIRLING: I'm sure they're looking at the intake, the enrollment figures.

TREASURER KOPP: Increasing enrollment?

MR. STIRLING: Absolutely.

TREASURER KOPP: Enrollment from different places?

MR. STIRLING: Absolutely.

TREASURER KOPP: I mean --

MR. STIRLING: The success of attracting people to the Executive MBA Program, for example, would be one. The success in the stand up and expansion of our overseas operation would be another.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor, for flagging this. Because I did notice that the option year, it's a two-year contract, the second year is 50 percent more than the first year. What, how do you justify that?

MR. STIRLING: Well, we had an estimated amount when we awarded the contract. And as I mentioned just a moment ago we came up a little short in the first year. I think in the second year we'll probably spend a little more on the media buy, which is the main driver. There's probably \$1 million or more in TV and print advertising associated with this. So it's going to fluctuate depending on the media buy. That's the main driver.

I think just to add when we awarded this we estimated about \$7.2 million over the life of the

contract, with an estimated amount of a little over \$1 million a year.

COMPTROLLER FRANCHOT: Well I'm not sure why the Governor brought this up but I'm happy to defer to him on this matter as to --

GOVERNOR O'MALLEY: I was just curious about it. I mean, I know it's --

TREASURER KOPP: I've heard, I've heard Mr. Salt from you about the spending. I mean, the patterns of spending. But I have to believe that at the School of Business, of all places, they must have rolled out some sort of plan and expectations and indicators of meeting a range of expectations. And perhaps that's not, perhaps you're not equipped with that at the moment. But I can't believe --

MR. STIRLING: I can certainly go back --

TREASURER KOPP: -- there isn't something more finite than that.

MR. STIRLING: -- and get you more detail on that directly from the Business School.

TREASURER KOPP: I mean, it is a \$1 million. It is very important to have good advertising. It's

very important to have the right students and then you make the right contacts in the market. And we're known internationally. I just think somehow that's got to be linked to this contract.

MR. STIRLING: And I'm sure it is. I can't give any more detail than I have, but I'm happy to get you that as a follow up.

TREASURER KOPP: This is just the first of the five renewal options, right?

MR. STIRLING: That's correct.

TREASURER KOPP: So you'll be coming back? I just, I just think it's ironic that the Business School, which tell us how to run our businesses and government, doesn't have something a little more concrete.

MR. STIRLING: I completely understand and would be happy to go back and get that.

TREASURER KOPP: Why can't they, State Piece, State School or something. BStats. How about SmithStats?

MR. STIRLING: SmithStat. I'll be happy to report that back to the board.

GOVERNOR O'MALLEY: Okay, any other questions on University System of Maryland Agenda items? We'd like to know the outputs on this one.

MR. STIRLING: I understand.

TREASURER KOPP: Yeah.

GOVERNOR O'MALLEY: And what we all, what your definition of success is going to be under this. All right, the Treasurer moves approval, seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

MR. STIRLING: Thank you.

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

MR. SCHLANGER: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. Elliot Schlanger, Department of Information Technology. This afternoon

we have four items on our Agenda, and we are prepared to answer any questions at this time.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: I feel like one of those perennial candidates for office.

(Laughter)

COMPTROLLER FRANCHOT: Is the Lottery here? Or are they represented? Is Mr. Martino here?

(Laughter)

COMPTROLLER FRANCHOT: I'd actually like to praise Mr. Martino for providing my office with supporting information about this proposal. Maybe he could just come up and summarize what it is?

MR. MARTINO: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Stephen Martino, Director of the Maryland Lottery. Today we are requesting approval to purchase and/or lease 750 slot machines for the Ocean Downs facility which is slated to open the second half of December of this year.

COMPTROLLER FRANCHOT: As I said, thank you for providing my office, even though I obviously disagree with the thrust of these contracts, I really



appreciate the fact that in a timely way you provided the purchase and lease and maintenance costs, and everything was laid out. I do have a question about MBE participation, because I notice that six of the eight approved vendors have met or exceeded the 25 percent target. One of them, frankly, achieved a 41 percent goal. But the largest single vendor and one other, I guess IGT which will supply 320 of the 750 machines we're buying or leasing today, has achieved only a 15 percent goal. And they dragged the average MBE participation for the entire contract down to 20 percent.

My question is that since six of the eight vendors have met their goals, frankly in the face of claims from many that they would not be able to meet them, they met them, and did not ask for a waiver, why are we in effect not recognizing those six vendors by saying to the other two, "You have got to meet the 25 percent goal." What kind of message, I guess, are we sending to the six that achieved the goal if we are giving the other two a waiver?

MR. MARTINO: We wish that all of the vendors had been at 25 percent. As you know, Mr. Comptroller, we have set an aggressive MBE goal for the slot procurement process at 25 percent. We have not achieved that, but we are working hard. Specifically as it regards IGT I would probably make a couple of points. One, we have reviewed, and much like I think we probably spoke about regarding the purchase in Cecil County, they have represented to us and we are satisfied that all of their in State spending, all of their spending within the State of Maryland, is being done by an MBE provider, subcontractor. That includes maintenance, warehousing, transportation, bonding.

We are and do continue to urge IGT in particular to increase that goal. We are working with them to do that. I met with two executives of IGT yesterday to convey that message specifically. You know, I can talk on one issue, we are working hard to get a potential MBE vendor certified with the State to provide locks, which I believe that IGT would then buy locks from to increase their participation.

Ultimately what we want to do is make sure that the facilities that were authorized by the law that passed in 2007, and approved by the referendum in 2008, are competitive and achieve what the people of the State of Maryland want them to. And we believe for them to generate the most revenue and produce the economic development that we hope that they will, that we need to have the most competitive games in those facilities. Maryland is in a hyper-competitive gaming environment. And that we believe that for that facility to be competitive they need to have an appropriate slot mix, and including games from IGT would be part of an appropriate slot mix.

COMPTROLLER FRANCHOT: So you really decide, you're deciding to buy the IGT machines based on what the operators of the facility are telling you? Or is that your own research, or what?

MR. MARTINO: We receive a recommendation from the operator. So in this case, like we did in Cecil County with Hollywood, Penn National provided what they would like for their slot mix. Also Ocean Downs did that as well. We look at, we look at it, we

review it, we review it carefully. We talk to outside individuals who can provide us some impartial recommendations or points of view. But ultimately as the law was constructed the gaming expertise is coming from the operators. And that expertise is what we are drawing upon in, as both of them are experienced operators in other jurisdictions, to make sure we have an appropriate slot mix. And in this case the operator felt that 320 IGT machines would help them generate the most revenue for the State.

COMPTROLLER FRANCHOT: I understand that. The only problem, as I've expressed, is that they didn't meet the MBE goal. And you are testifying today that you are meeting with them, and what are the chances in the future that they are going to meet the 25 percent goal?

MR. MARTINO: I don't know what the chances are in the future that they will be at 25 percent. But I can tell you that we will continue to work with them and do what we can to make sure that they maximize the goal, and where we can be engaged on the State level to help them do that we certainly will.

And I can assure that based on my conversations as late as 3:00 yesterday afternoon, they understand the importance of this 25 percent goal. I think the message has been received. And they assure us that they are doing everything they can to meet it.

COMPTROLLER FRANCHOT: Okay. And then just two quick questions. Who makes the decision to buy or to lease? Is that you? Or is that the manufacturer?

MR. MARTINO: It's done at the Lottery. Lottery staff do that.

COMPTROLLER FRANCHOT: Uh-huh. And the breakdown here is what?

MR. MARTINO: 592 are being purchased and 158 are being leased.

COMPTROLLER FRANCHOT: And then I see 750 of the 800 machines that are needed for Ocean Downs are being either purchased or leased. What about the remaining fifty?

MR. MARTINO: The operator has decided to initially open with 750 machines, which is fifty fewer than the complement it is authorized or is paid for. They want to see how things open. They want to see

what the market demand is. And then perhaps recalibrate the floor, add machines that specifically would allow them to maximize revenue. But they will open with 750 and at some point in time in the future, I don't know when, but we'll work with them if they feel that an additional purchase or lease of fifty machines is justified.

COMPTROLLER FRANCHOT: Thank you. And Governor, I'm going to vote against this. It fails to meet the MBE goals. But I just have a general conceptual problem with the State of Maryland buying slot machines for facilities. I know the Legislature thought that was the right direction to go in but it certainly puts us in an awkward position. And we're certainly expending a lot more money right now than we're taking in since we're taking in nothing.

TREASURER KOPP: Well we can't take it in until we have the machines.

COMPTROLLER FRANCHOT: Yeah, but no other state does this kind of forward funding of these machines. Anyway, I've made my case. I'm going to vote no. And I find it hard to, hard, that all over

the State even supporters of slots find it very difficult to understand these millions of dollars being paid out. And I take it, Madam Treasurer, we still don't know what the financing plan is going to be? You're still putting that out for review. But --

GOVERNOR O'MALLEY: Is there anyone else that needs to be heard on this? Okay. Treasurer moves approval, seconded by the Governor. 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, and the motion carries.

SECRETARY MCDONALD: The rest of the IT Agenda?

GOVERNOR O'MALLEY: Okay. Now for the rest of the IT Agenda. 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.

SECRETARY MCDONALD: Thank you.

GOVERNOR O'MALLEY: We move on now to --  
lost track.

SECRETARY MCDONALD: Transportation.

GOVERNOR O'MALLEY: Department of  
Transportation.

MS. SWAIM-STALEY: Good morning, Governor,  
Madam Treasurer, Mr. Comptroller. For the record,  
Beverley Swaim-Staley representing Maryland Department  
of Transportation. We're presenting sixteen items  
today, as Items 2 and 15 have been previously  
withdrawn. For the record, Items 5 and 16 have been  
previously submitted as revised items. I'd be happy  
to answer your questions.

GOVERNOR O'MALLEY: Any questions?

TREASURER KOPP: I see that the two major  
departments of Transportation and General Services  
don't sustain the, don't have the holding ability that  
some of the others seem to. I'm sorry, I was having a



little trouble hearing while everybody was kind of on the move.

GOVERNOR O'MALLEY: I see Corridor Cities Transitway, huh?

TREASURER KOPP: That caught my eye.

SECRETARY MCDONALD: She withdrew it, right?

TREASURER KOPP: That's coming back after an examination?

MS. SWAIM-STALEY: It's coming back. Yes, we have to sort out some FTA and issues with the AG's Office.

COMPTROLLER FRANCHOT: Is that Item 2?

MS. SWAIM-STALEY: Yes.

COMPTROLLER FRANCHOT: Yeah, I had a couple of questions on that. I know you're withdrawing that, Governor, but if I could --

GOVERNOR O'MALLEY: Sure.

COMPTROLLER FRANCHOT: -- recognize, that obviously is an item that caught my attention. I know it's being withdrawn and will be brought back. But I actually appreciate the fact, Madam Secretary, that you are withdrawing it. And rather than presenting us

with something which we have to vote up or down on I hope that you'll consider a couple of concerns.

Obviously many of us, myself included, support the Purple Line, and we want mass transit. But when I looked at this item and saw that we were talking about an eight-year commitment to a large number of consulting companies for \$160 million to do the, I guess, analysis of these mass transit lines, it struck me that that was the exact amount that we cut from highway user revenue dollars for our State's local jurisdictions. And that, as you know, has gutted a lot of their local public works projects, and prevented counties and towns from any kind of, frankly, real road repairs, street improvement, or sidewalk maintenance. And in addition to that, we read about our Metro system, which if you've ridden it recently is really on its heels in the Washington area. It's got all sorts of deferred maintenance, and problems in addition to what we read about in the paper. And the MARC system has obviously got some operational problems.

GOVERNOR O'MALLEY: But those are being addressed by the new engines that are rolling off every week.

COMPTROLLER FRANCHOT: Excellent.

GOVERNOR O'MALLEY: Every month, excuse me.

MS. SWAIM-STALEY: Yes.

COMPTROLLER FRANCHOT: But there, yes, there are a lot of activities underway. And my concern was that we were committing over eight years \$160 million to a very significant number of consultants. So when you go back and look at this again I'd like you to see whether we can do something other than an eight-year agreement. Because I believe that's too long a time period.

Additionally, I hope that you will look at the management of the lead consultants, the sub-consultants, and the other sub-consultants. My staff has done a review of the project management and they are very concerned about the ability of MTA to manage in effect just a caravan of consultants. And the concern from a management standpoint is that we, some of these consultants are approved on three or four

different layers. And so how do you protect us from having Company A reviewing Company A's work product? I guess is the best way to put it.

And then a related question is, you know, on the general engineering teams, how do we have that put together with the project management teams? And then there's just a lot of kind of vague and undefined scope of service that is in the various background materials. And things such as this contract will provide support for system preservation, enhancements, or expansions relative to all existing MTA modes as required. If you could look at those statements and make sure that we have as tight a definition of services envisioned from these consultants as possible? And if you could let us know how many of the consultants are already under contract to MTA and are providing some of these services already? And exactly how this is all going to have proper oversight?

MS. SWAIM-STALEY: Well, as you have acknowledged, these represent work that will be done on the Red Line and the Purple Line, which are

critically important projects that we are, you know, continuing to move forward with. We pulled the item because we do have, I have questions, when I saw the item with regard to the consultants and frankly some confusion with the FTA just in terms of use of consultants, so that's why we're pulling the item. But we do anticipate bringing it back. We expect that this will be largely federal funds, obviously, as most new start projects are. But yes, I do share some of the concerns with regard to the management and that's what I am going to address before I bring it back.

COMPTROLLER FRANCHOT: From the local perspective they see potholes, and us voting a lot of money for consultants. And I understand that it's federal money for these projects, but we've got to, you know, make sure that we're not flying in the face of these locals that are --

MS. SWAIM-STALEY: Yeah --

COMPTROLLER FRANCHOT: Right now, I mean, they can't, they can't fill a little pothole, much less a big one. And so I appreciate that you're taking it back. And as I said, I really am, most of

these contracts we look at are already baked and done, and we have to either vote up or down. So I appreciate the fact that you're going to be able to take another look at this.

MS. SWAIM-STALEY: Thank you.

GOVERNOR O'MALLEY: Anything on the balance of the Transportation Agenda?

COMPTROLLER FRANCHOT: Not for me, thank you. Move favorable.

GOVERNOR O'MALLEY: 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 General Services.

MR. COLLINS: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. The Department of General Services has thirty-nine items on our Agenda, which includes two supplementals. We have made minor revisions to Items 1, 2, 6, 12, and 16. We are

withdrawing Items 14-LL and 25-CGL. And we'd be glad to answer any questions you have at this time on any of these items.

GOVERNOR O'MALLEY: Tell me about the Woodmont Chapter of the Izaak Walton League.

SECRETARY MCDONALD: Item 15.

MR. COLLINS: That item is being presented to you, to the Board today, Governor, on behalf of the Department of Natural Resources. It's a final revision of a contract between this particular tenant, which is the Department of Natural Resources, and the users, the Woodmont Izaak Walton League. And I'll call on DNR to talk about, to answer any specific questions you might have.

TREASURER KOPP: I remember this one from the mid-nineties, late nineties. Can you just tell us how, there were pledges, and many of us had concerns originally having to do basically with exclusivity. And with the history of some groups regarding minorities and women. Can you tell us what's happened?

MS. LATHBURY: Sure. Meredith Lathbury for the Department of Natural Resources.

GOVERNOR O'MALLEY: Pull that mike over to you, Meredith.

MS. LATHBURY: First on the public access. Some of the questions that were raised with the initial acquisition and also with this lease, whether the Department of Natural Resources had the ability to manage this very large property. When it first arose as an opportunity for acquisition it was a tremendous opportunity because of the history of the lodge, because of the large acreage of the property, and its connection to other protected lands. So the Department went about seeking a partnership with the Izaak Walton League to assist with the management.

The lodge in particular was very difficult, I think, for the Department to tackle because of its historic nature. So what's been developed is, at that time, and you see in the current lease that's continued --

GOVERNOR O'MALLEY: Meredith, point that thing at your --



TREASURER KOPP: Mouth.

GOVERNOR O'MALLEY: Okay? There you go.

MS. LATHBURY: Is that better?

GOVERNOR O'MALLEY: And then they'll be able to turn it down and it won't happen.

MS. LATHBURY: Okay.

GOVERNOR O'MALLEY: Okay. Go on.

MS. LATHBURY: And so the current lease what it does is it provides, the, there's a small amount of acreage of the huge property, it's 400 acres, that's very well managed by the Izaak Walton League and the lodge. We've split it out so that during the months of April through September the Department of Natural Resources and the general public has access to the entire 3,400-acre property. The 1,400 acres that the Izaak Walton League manages, that area is, has their more exclusive use during the September to April. And so during that period of time their membership is very involved with the use of that property but the Department of Natural Resources continues to have access to it.

Now, there are a lot of public programs, education, the Women Outdoors Program happens every year at the Woodmont Lodge. There is a partnership with the Turkey Federation to do hunting education for children. So there's a whole range of public uses that really bring the property to much wider use of the public.

GOVERNOR O'MALLEY: And is there not a bike path, or something, that's being planned for up there?

MS. LATHBURY: Yes. Well, it's adjacent to the C & O Canal so you have that.

GOVERNOR O'MALLEY: Right.

MS. LATHBURY: It also connects the Western Maryland Rail Trail. And in addition the Department recently got a \$20,000 federal grant to establish, or actually to mark an existing hiking trail through the property that is accessible to the public year round.

TREASURER KOPP: And how does the public know about it?

MS. LATHBURY: There's information on DNR's website. And any member of the public can call Fort Frederick State Park to gain access to the portions of

the property that are managed by the Izaak Walton League. And all of the events that take place at Woodmont are also advertised on the Fort Frederick State Park section of the website. There's an open house coming up on September 11th. There are two open houses a year, one in May and one in September, typically.

GOVERNOR O'MALLEY: And this property is well known to people in Washington County and has been for some time, right?

MS. LATHBURY: That's right. The community in Washington County is very, very interested in this property. They are very interested in the hunting opportunities there and its continued public use. And Treasurer, you've asked about some of the issues in the past related to the exclusivity of the Izaak Walton League, and who has access to their club. And I did speak with Mark Keener, who is the President of the local chapter there. And we discussed this issue specifically. They have a twenty-seven-member board. A lot of their members are small businesses and local businesses. And their membership works very hard to

bring friends and family and members of the local community from all walks of life to visit the property.

TREASURER KOPP: Would it be possible, I have no reason to doubt any of it. Would it be possible for you to furnish our office with a brief statement from you and from the Izaak Walton League regarding what's happened in the last ten years, in terms of both access and use by women and racial minorities.

MS. LATHBURY: Absolutely. Absolutely. We also have a use plan that was developed by the Department in 2008 that outlines the specific public uses throughout the year and that is an agreement that we refer to on an annual basis.

TREASURER KOPP: But not only what's in writing but what in fact has taken place on the ground?

MS. LATHBURY: Absolutely.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Okay, anything else on Department of General Services Agenda items? 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. That concludes our meeting. Thank you all very much.

(Whereupon, at 12:26 p.m., the meeting was concluded.)