

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

November 14, 2012

10:25 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, Secretary, Department of
General Services;

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

LEIF A. DORMSJO, Acting Deputy Secretary,
Department of Transportation;

EMILY WILSON, Department of Natural
Resources;

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

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

MARION BOSCHERT, Recording Secretary, Board
of Public Works.

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P R O C E E D I N G S

GOVERNOR O'MALLEY: This is November 14, 2012. This is the Board of Public Works. If anybody finds themselves in the wrong room, now is the time to leave. All right. Any opening thoughts, Madam Treasurer, Mr. Comptroller?

TREASURER KOPP: So what a beautiful day it is. How nice it is to be able to turn on the television or radio and actually see a show and not just --

(Laughter.)

TREASURER KOPP: I count that as one of the blessings, in addition to what I consider a great turnout and a great election result. One that means that we can go back to work and make actual progress. And I hope that the federal government will understand what was done and not feel required to drive us into a second recession. And that's my thought.

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

COMPTROLLER FRANCHOT: Thank you, Governor.
I, this Monday, just celebrated Veterans Day with
everyone. And I wanted to just take a moment and just
remember all the veterans who served and sacrificed
for our country. Over the weekend I reflected a
little bit on the men and women that I served with,
and also the heroes of years past such as my father.
But also your father, Governor.

GOVERNOR O'MALLEY: Thank you.

COMPTROLLER FRANCHOT: And all who have worn
the uniform and fought for the freedoms we take for
granted.

TREASURER KOPP: My dad was in Germany and
France also.

COMPTROLLER FRANCHOT: Excellent, I didn't
know that --

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TREASURER KOPP: And actually now is with my mother at Arlington.

COMPTROLLER FRANCHOT: Well --

GOVERNOR O'MALLEY: They are neighbors.

COMPTROLLER FRANCHOT: Well it was the greatest generation, and well named. But I think the greatest testament to our veterans, frankly, was Election Day. And I want to personally salute President Obama for his decisive reelection. Express my hope, like the Treasurer, that our leaders in Washington can finally set all of the partisanship aside and justify the trust of the people who have returned them to office and address the obvious fiscal dangers that imperil our country's economic well being and financial security of hundreds of millions of Americans.

For Marylanders, regardless of how your candidates or causes fared at the polls, and it's no secret that I didn't get all the results that I was

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looking for. But now is the time to come together and work as one to tackle the challenges that face our State and country.

We can all be heartened by looking back on last Tuesday, thinking about a day when hundreds of millions, tens of millions of Americans went to the polls and selected the leaders of our country in peaceful manner. And think about Syria, or some of these other countries we read about. And it just strikes, or struck me then and now thinking about it what a remarkable country we have. No violence, no bloodshed, just communities going to their churches, elementary schools, fire houses to exercise their most sacred civil right.

I know it was a long day at the polls. I want to give special thanks to the election officials and election judges, countless volunteers who worked so hard to make Election Day and our early voting system a success here in Maryland.

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And finally as we look ahead to the Thanksgiving holiday, my favorite, and prepare to count our blessings, let us keep those families who are still suffering from the devastation wreaked by Hurricane Sandy and for whom the upcoming holidays will be another terrible reminder of all they have lost. Let's keep them in our thoughts and prayers. I know thousands of Marylanders have, but if you haven't done so already please take a moment and consider making a donation to Red Cross or one of the other charities working so hard to help the victims of Hurricane Sandy. Thank you, Governor.

GOVERNOR O'MALLEY: Thank you. Okay.

Secretary's Agenda?

TREASURER KOPP: Governor, could I just follow up on that for a second? Suzanne reminds me that, just as an example of how serious people were about voting the Chief Deputy Treasurer who is

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standing back there was an elections judge here in Annapolis. Didn't get home until when?

MS. BENIK: Two a.m.

TREASURER KOPP: Two a.m., because people who were standing in line stayed in line and voted until 11:30, 11:45 Election Day. Which I think is just terrific.

GOVERNOR O'MALLEY: Thank you. Secretary's Agenda?

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 22 items on the Secretary's Agenda. We have five reports of emergency procurement. We can answer any questions you may have on this Agenda.

GOVERNOR O'MALLEY: Mr. Mack, do you have some items on the Secretary's Agenda?

MR. MACK: We sure do, sure.

GOVERNOR O'MALLEY: Why don't you come on up, Mr. Mack?

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MS. RAINES: And Ms. Raines has Item 12 and Item 22, are from the Maryland Historic Trust African American Preservation Program.

GOVERNOR O'MALLEY: Dr. Martin, are you part of this?

DR. MARTIN: Yes, I am.

GOVERNOR O'MALLEY: Good to see you again.

DR. MARTIN: Good to see you too, Governor.

MR. MACK: Governor, I bring with me a great team today in the name of Anne Raines from MHT, our partner in this project. And I would like for her to introduce those who will be making the presentations today. So I introduce to you our partner, Anne Raines.

MS. RAINES: Thank you. I have two projects today that you are not yet acquainted with, although I'm sure you do know Dr. Martin. I believe the first one is the Biscoe Gray Heritage Farm?

SECRETARY MCDONALD: Mm-hmm, Item 12.

MS. RAINES: The George Rice House is the building that you see pictured here. This is a modest farmhouse that was owned by an African American farmer for a number of years at the beginning of the 20th Century. And it's part of the Biscoe Gray Heritage Farm, which is a large master planned park. And within that park this building will help tell the story of the African American experience in Calvert County as well as agricultural history. And representing this project we have Karyn Molines, who is the Chief of the Divisions of Natural Resources for Calvert County.

MS. MOLINES: Thank you, Governor O'Malley, and Treasurer Kopp, and Comptroller Franchot. I am Karyn Molines and I am the Division Chief for the Calvert County Department of, Division of Natural Resources. And Calvert County did apply for a \$50,000 grant for capital funds from the African American Heritage Preservation Program to stabilize the George

Rice House and the associated outbuildings with this farmhouse. The County has allocated the required \$50,000 match in our fiscal year 2013 budget.

In 2010, as was mentioned, a master plan was created for the Biscoe Gray Heritage Farm. And this 196-acre farm is going to be an opportunity to provide the public educational opportunities to learn about and preserve our cultural resources, and environmental stewardship. The George Rice House, as pictured there, will be one of the major interpretive assets of this farm.

George Rice was an African American farmer who owned the property from around 1915 to 1938. And that this grant will enable the County to develop a long term preservation plan for the appropriate reuse of this house and the outbuildings, while providing funds for immediate repairs and improvements. There is a multifaceted approach to rehabilitating this farmstead. A professional architectural firm is being

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selected right now through a competitive bidding process to provide a historic structures report and preservation plan for the house. This resulting building and structural assessment, the maintenance plan recommendations, relevant information about the historic properties on site, and documentation of the facility will be incorporated to all our future projects to rehabilitate this historic homestead.

This grant assists the County in the repair of the porch, which is falling down; replacement of the roof, the windows, the doors; and then stabilization and repair of the outbuildings. And so that this project will be, the end result will be a project that will interpret the role of African American farmers in Southern Maryland during the early 20th Century. And I'll be honored to answer any questions you have.

GOVERNOR O'MALLEY: Looks good.

MS. MOLINES: Okay?

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GOVERNOR O'MALLEY: What's the next item?

MS. RAINES: I think that's going to be a really interesting project where environmental conservation and historic preservation are going to go hand in hand. The next project is the, what we call in historic preservation as the Bauernschmidt Mansion, although you may know it better as the offices of the National Great Blacks in Wax Museum. The grant in this case is for the architectural and engineering services to rehabilitate this building. And speaking on behalf of the project today we have Dr. Joanne Martin, the President, and Marie Washington.

DR. MARTIN: Good morning, everyone. Governor, Comptroller, Treasurer, on behalf of the National Great Blacks in Wax Museum I want to thank you for supporting this project. The Bauernschmidt Mansion was built in 1892-1893. It has the history of the Georges connected to it. So it was built by, and owned by, George Bauernschmidt. The architect for the

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project was George Frederick, who also built Baltimore City Hall. And in 1935 it became the George Sander & Son Funeral Home.

So it is a building that has historical significance. It will allow us to tell the story of East North Avenue and the block in which we are located as a German community and show the transition of that community where it involved into an African American community. It will also help us to tell the story of the back, behind the scenes life in the Bauernschmidt Mansion and the role that African Americans would have played in that story.

In a more national and global point of view it will allow us to continue to show that tourism can thrive in our very nontraditional setting. If you come to the museum during, especially during our busiest periods of July, which is our busiest month of the year because of our having developed tourism in that area, February and June, which are about even,

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and August, which is very close to July as our busiest month of the year, then you will continue to find visitors, buses stacked on North Avenue. You will continue to see that those buses come from out of state where 65 percent of our visitors hail from. And we are proud that we are part of helping to bring visibility to the State through our extended tour, which takes visitors to museums and cultural attractions throughout the City and the State. But our national extended tour, which means that we have had unveilings and taken our traveling exhibit through a partnership with Southwest Airlines to Las Vegas and Miami and Texas and Atlanta. And we will be going in the Spring to Mississippi. And so support like this allows us to continue to get the word out, not only about Great Blacks in Wax but about the State in which we are proud to live. Thank you.

GOVERNOR O'MALLEY: Thank you, doctor. Any questions? Mr. Mack, anything else?

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TREASURER KOPP: That's good.

MR. MACK: No. We want to thank you very much. Dr. Joni Jones and I, the Director of the Commission, thank you very much for listening to us today. And we have some wonderful projects that we hope to come back and talk to you about the completion of those projects.

MS. RAINES: Thank you.

TREASURER KOPP: That's great. It's always a pleasure to see you here because you know it's going to be something very interesting. I mean, I thank you.

MR. MACK: Well there's so much interesting stuff out there, you know? And we just enjoy doing it.

GOVERNOR O'MALLEY: Thank you, Mr. Mack.

DR. MARTIN: Well Governor, I'm sorry?

GOVERNOR O'MALLEY: Yes, ma'am? Yes, doctor?

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DR. MARTIN: We bear gifts.

GOVERNOR O'MALLEY: Bear gifts?

(Laughter.)

GOVERNOR O'MALLEY: Wow. Thank you.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Very cool. Here,
there's even one for you, Mr. Comptroller. Look,
there's three of them here.

(Laughter.)

GOVERNOR O'MALLEY: And Dr. Martin, that
little girl that was so intent on taking a tour that
day, that you personally gave a tour to, is --

DR. MARTIN: We started in --

GOVERNOR O'MALLEY: You did?

DR. MARTIN: -- where she and I met and --

GOVERNOR O'MALLEY: Mm-hmm.

DR. MARTIN: -- she said she wanted to go to
the real museum, and not --

GOVERNOR O'MALLEY: Right. She was very, it was almost like she was going to be sold a bait and switch by her father.

(Laughter.)

GOVERNOR O'MALLEY: She's now a senior at Georgetown.

DR. MARTIN: I've seen pictures. I've seen pictures. It's amazing. I hope she remembers me.

GOVERNOR O'MALLEY: She does, fondly. Okay. Very cool. All right. And anything else on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Yes, Governor --

SECRETARY MCDONALD: Governor, we do have Item 18, which is consulting services to review the State procurement practices to develop the State procurement business process improvement plan.

GOVERNOR O'MALLEY: Ah, good. Item 18.

SECRETARY MCDONALD: This is the recommendation from the Board of Public Works Office

to the Board of Public Works. Ms. Mary Jo Childs, your Procurement Advisor, handled this and will remain the contracting officer on this. And we are proposing that the Board, at its initiative, your own initiative, we did the procurement, and are proposing that we award this contract to Treya Partners to analyze State procurement laws and policies and procedures, design improved business processes, and provide a plan the State can use to implement them.

GOVERNOR O'MALLEY: Mary Jo, Ms. Childs, as I ask you for any comments you have on this, let me say thank you to you and to Peggy Watson, and to everyone that was involved in moving this issue forward. For the last six years we've been bumping up against what was probably a very effective procurement process for its time, back in the seventies, but it's no longer as open, transparent, nimble, predictable as, you know, many, many, many, many other states.

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And so I think that this is a golden opportunity. I mean, for six years I was told, "You're never going to fix it in your own time. Even trying to fix it in your own time is going to be a political liability. This is now one of those times that comes around every 40 years. No one can accuse us of doing this because somehow we think it will help me win reelection as Governor. It's something we need to do in order to modernize our procurement process.

So I really appreciate the collaborative way that you have entered into this. To all of the leaders of our procurement process in each of the departments, I really hope you will embrace this as an opportunity. I understand, though I have not met them, I don't believe, but I think they may be here, that the people who are going to be undertaking this hot wash, review, study of our procurement process and making recommendations for change, I understand that, I just want to encourage everybody to work with them.

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They have done this, I'm told, in other states, have done it very effectively and in a collaborative way. There is so much institutional knowledge that exists in every department. We need to draw upon that in order to make this procurement process a lot better. And Jerry, part of that might be that we need to do much better and more extensive training, and may even need to pay our procurement officers more in order to keep and retain them. And we may need to make some investments in terms of, whatever, IT infrastructure or other things that allow us to realize that, you know, benefits of economies of scale and other things that we can do with other states.

So anyway, with that long preamble, would you like to introduce us to the people that have been selected?

MS. CHILDS: Yes. Thank you, sir. And I want to thank you and the members of the Board for your leadership on this initiative. Because without

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you I'm not sure we would have gotten this done, so I very much appreciate your role in all of this.

And I'd like to take the opportunity to present Mr. Mark Usher from Treya Partners. And we were very, very satisfied and happy with the amount of competition we got on this particular procurement. But Treya Partners was far and away the more experienced and presented the strongest project team of any of the competitors. And we are very happy to have them on board and we expect great things from them. With that, Mr. Usher?

MR. USHER: Thank you, Mary Jo, for your very kind words there. Governor, other members of the Board, good morning. Thank you very much for inviting me. As Mary Jo said, I am a partner and cofounder with Treya Partners. We are a procurement consultancy firm with extensive experience working with state governments to identify and implement improvements to business processes and organizational and other

capabilities. And I'm also pleased, Mr. Governor, that you have highlighted there the opportunity. Because what we have seen with the other state governments we've worked with is when we start working with the individuals there is a real appetite to be involved in improving procurement processes.

Cost is one thing, but it's also about service and how procurement can do a better job in delivering service to agency end users. We found in our experience everyone wants to do a good job, but sometimes the processes and the structure that is set up just doesn't allow people to do the type of job perhaps they really want to do.

So we do have a lot of experience and what we've found is a lot of the great ideas come, a lot of those ideas, come from the people who day in, day out struggle with the processes and working with the processes that are in place. We really do work forward to working with the State of Maryland the

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Board of Public Works, with all of the myriad stakeholders who become involved in procurement processes. And I will be very closely involved in the project, and certainly am happy to take any questions.

COMPTROLLER FRANCHOT: If I could just recommend the gentleman sitting to my left, Mr. Klasmeier, he was here 40 years ago when the system was put together and knows more about it than, with all due respect, Ms. Childs and Ms. Watson and others who are very, very good. And Secretary of DGS, and others. You know, Mr. Klasmeier is a real resource and asset to the State and has a particular institutional knowledge of procurement from a reform standpoint. So I'm delighted you're here, and please get together with him soon.

MR. USHER: Absolutely. Thank you. Nice to meet you. I look forward to hearing some of your stories, and hearing some of the ideas you have for the things that can change.

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GOVERNOR O'MALLEY: So what's the timeline here?

MR. USHER: It's a 12-week project that is scheduled to kick off on December 4th. And there are three primary phases of the project. An assessment phase, where we really work to understand what the issues and challenges are today. A visioning phase, where we engage collaborative input to help define what is a blue skies vision for procurement, what is achievable, what are the constraints. And then an implementation and planning phase, where we take the as is assessment, and we take the results of the visioning, and we put a robust implementation plan together for change. So the ultimate deliverable is a process design and an implementation plan to put that process in place. So 12 weeks to cover that, those set of activities.

GOVERNOR O'MALLEY: So you'll be coming back to us then with recommendations at the conclusion of those 12 weeks?

MR. USHER: Yes, exactly.

GOVERNOR O'MALLEY: As to what we need to do next in order to implement?

MR. USHER: Yes. It will be a recommended end vision, end state for procurement processes, and a recommended plan to put that in place will be the deliverable.

GOVERNOR O'MALLEY: Good. Well this is a golden time. We've got to get this done. I mean, I would love to get this done by the, in the course of this next calendar year. Because otherwise the time might not come around again for a long time. So, great. Any other questions?

TREASURER KOPP: Are you going to, how are you going to go about letting the people and the State employees know what you're doing? Is there going to

be a website? Or are you going to have communications of some sort with all the procurement folks who are here? How are you going to do that?

MR. USHER: Yeah, that's a great question. Communication planning is a large part of the project. There are phases of the project that are very much associated with, if you will, doing the work, finding the improvements. But there's also a work stream of the project involved with communications, with understanding, who are all of the stakeholders who need to be involved? Tactically, things like project status reports will be produced every week and will be communicated to I'm sure a fairly broad audience of stakeholders. So yes, certainly communication is a major part of the project work stream.

MS. CHILDS: And Madam Treasurer, also there is a State project team comprised of --

TREASURER KOPP: That was my next question.

MS. CHILDS: -- representatives of the larger procurement agencies. I think there is six or seven. Governor's Office of Minority Affairs is also represented on that team. And in addition I'll be briefing the Senior Procurement Advisors Group on the consulting group. And they will be, that will be probably one of my more critical roles, is making sure that boots on the ground know what's happening and giving them updates as things go along.

TREASURER KOPP: And is the legislative staff involved in any way?

MS. CHILDS: My intent was actually to contact some of the legislators that have been engaged in procurement along the way and invite them to the kick off meeting, so they could meet Mr. Usher and some of the project team and give their input.

TREASURER KOPP: I mean, it seems to me if you come up with legislation that has to be enacted --

MS. CHILDS: Absolutely.

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TREASURER KOPP: -- it would be good to have people know what it, where it came from.

MS. CHILDS: Absolutely.

GOVERNOR O'MALLEY: Great.

TREASURER KOPP: That's great.

GOVERNOR O'MALLEY: Is there a particular committee in the Legislature that focuses on procurement?

SECRETARY MCDONALD: Well there's Government Operations --

MS. CHILDS: Health and Government Operations, yeah, and EHEA in the Senate.

GOVERNOR O'MALLEY: Okay. And you'll involve, you'll engage them?

SECRETARY MCDONALD: Yeah.

MR. USHER: Yeah. Actually right at the beginning of the project we have an activity to make sure that we actually identify all of the stakeholder groups who should be involved in any way --

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GOVERNOR O'MALLEY: Great.

MR. USHER: -- in terms of information gathering or involvement.

GOVERNOR O'MALLEY: Great. Having some leaders on that committee or subcommittee, Democrats, Republicans, you know, some people that can be a part of the visioning process here from the people that are implementing this, and be able to explain it to their colleagues once it comes to hearings is really important. Bringing them a -- well, you heard me. It's just really important.

MR. USHER: I'd also add what we do during or projects is we actually put together a team of folks who have been through this before in other states. So we actually enlist other state, from other states, other procurement officers, other agency programs, a lot of people who have been involved in previous initiatives. So that's actually, a lot of

our projects is to learn from other states that have actually been through the same experience.

TREASURER KOPP: Great.

GOVERNOR O'MALLEY: Okay. Good. All right. Sounds good. Go forth.

MS. CHILDS: Okay. Thank you. Thanks very, very much.

MR. USHER: Thank you very much.

GOVERNOR O'MALLEY: Thank you. Anything else on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Governor?

GOVERNOR O'MALLEY: Yes, sir. Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 8, please?

GOVERNOR O'MALLEY: Item 8.

SECRETARY MCDONALD: Item 8 is the new Hampton Inn in Prince George's County. It's Department of Housing and Committee Development.

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Carol? DHCD, this is the -- oh, there you go. Okay.
If you want to introduce yourself and talk about --

MS. GILBERT: Good morning.

SECRETARY MCDONALD: -- about the project
and the loan to Shankra, LLC?

MS. GILBERT: Good morning. Carol Gilbert
here for the Maryland Department of Housing and
Community Development. And this is a loan that would
be financed by our Neighborhood Business Works
Program, which is a fairly unique program. It has a
triple bottom line of job development, business
expansion, and last but not least local neighborhood
revitalization. So these loans are made only in areas
designated by local governments as in need of
redevelopment and revitalization. And the loan
proposed today is a \$500,000 loan that's part of a \$15
million project that includes additional financing
from the County in the amount of \$1.2 million from

their new Economic Development Initiative Fund created by County Executive Rushern Baker.

COMPTROLLER FRANCHOT: Great guy. But I tend to associate this program with older communities.

MS. GILBERT: Mm-hmm.

COMPTROLLER FRANCHOT: And you mentioned revitalizing neighborhoods. So this kind of intrigued me a little bit. Because I guess I need to be educated a little bit as far as the economic vitality this is going to give to local businesses. My understanding is that this is a chain hotel located right off the Interstate?

MS. GILBERT: Mm-hmm.

COMPTROLLER FRANCHOT: And there are lots of chain hotels in Prince George's County. In fact, if you want to go this specific hotel that apparently is getting this loan, Hampton Inn, I guess they have a really good breakfast, there are Hampton Inns already on the Beltway in Prince George's in Oxon Hill, Largo,

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Bowie, College Park, and Laurel. And I take it those were built without State loans or grants? Or, correct me if I'm wrong?

MS. GILBERT: I don't know if those had State support. But you are very correct, Comptroller Franchot. The typical project for the Neighborhood Business Works Program is more retail oriented within a Main Street environment, such as Roscoe's Pizzeria in Takoma Park. But this project couldn't be financed without some gap financing. And the area in which it's located has more predominantly, it's an aging suburb, Camp Springs, just outside the Air Force Base. And it's an area that the County identified to a BRAC zone in addition to a revitalization zone.

GOVERNOR O'MALLEY: Right.

MS. GILBERT: So it doesn't have the usual historic sort of panache that we really like to burnish and revitalize within our main streets. But Prince

George's County is one of our older bedroom communities and has these kinds of areas that, where new construction can contribute to the job base and the tax base. And it really, the County brought it to us as their first use of their \$50 million Economic Development Initiative. And there was this one gap for \$500,000 out of the \$15 million project that other financing was not able to meet. And so we do --

COMPTROLLER FRANCHOT: I can see that view. I'm just wondering, the Patels, apparently the family that are developing it, are real veterans in the hospitality industry. It's not like we're talking about folks that are in financial difficulty. And I agree with you. It's near Camp Springs. But this is a location that's right off the Beltway. It's exceedingly proximate to the Metro green line terminus at Branch Avenue. And I would just think that this is an optimal location for a hotel like this to succeed on its own.

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MS. GILBERT: Mm-hmm. Well we do take great pains to make sure that the private financing has been sought to the point where our finances, if private financing can be obtained our program cannot be used. But the public financing required included requests to both the County and to the State. And this is a privately owned franchise, as you mentioned, with assistance from the brand, and from the Hyatt Hotel chain in, you know, populating the rooms.

COMPTROLLER FRANCHOT: Mm-hmm. Okay. So the Patels own three other hotels, apparently?

MS. GILBERT: They do. Yes, sir.

COMPTROLLER FRANCHOT: Is the one right next door here, at 4950 Mercedes Boulevard in Camp Springs, a County Inn & Suites, is that their hotel?

MS. GILBERT: That's right. And they own two others, one in St. Michael's and one in Delaware.

COMPTROLLER FRANCHOT: Okay. And --

MS. GILBERT: And this business plan was done to show that this, there is sufficient demand,

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particularly with the overflow needs for, from the Air Force Base itself.

COMPTROLLER FRANCHOT: Right. No, I understand that. I just, I guess my question is, that \$500,000 loan could be very helpful to someone in a really struggling older neighborhood.

MS. GILBERT: Mm-hmm.

COMPTROLLER FRANCHOT: Did you ask Prince George's why these folks who are so successful need a subsidy? And in fact it's not a --

MS. GILBERT: Well we do -- right.

COMPTROLLER FRANCHOT: -- direct grant, but it's a bridge loan, I guess.

MS. GILBERT: Yes, sir. We do, yeah. We underwrite the loan to ensure that the subsidy is needed. We also do have limited but not fully tapped funds for the Neighborhood Business Works Program for other eligible projects in these older communities. So we have in the pipeline now \$3 million of projects

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under consideration and we have an additional \$4 million in fiscal year 2013 funds for future projects. We're also very gratified to have some, with the Governor's leadership, some TARP funding from the Treasury Department through the SBCI program, the acronym of which I don't always, am not always able to spell out but I believe it's the State Small Business Credit Initiative, at another \$1.5 million. And we will be having related to the Exelon merger deal some \$2.5 million going towards small business development, retrofitting and renovating for energy efficiency. So we never say we have enough money, but I think we have sufficient to meet demand and a bit more.

COMPTROLLER FRANCHOT: And how would you say to someone else who is building a hotel somewhere in Prince George's that they should get \$500,000 from the State to help them?

MS. GILBERT: Right. Well --

COMPTROLLER FRANCHOT: How do you justify that given the --

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MS. GILBERT: Sure. They would have to make the case, first of all, that they are in the County's priority revitalization and redevelopment area, and that they are going to have an impact in the job development arena in their area, and a beneficial impact to the surrounding area. And as well they couldn't meet the private financing requirements.

COMPTROLLER FRANCHOT: And then if they are recommended by Prince George's, that's the end of it? If you have the money, you make the loan? Or do you also --

MS. GILBERT: Well we look at our, our full, you know, pipeline. This is a revolving loan, it's a rolling basis loan fund. So if we see that we have a pipeline with superior projects, you know, relative to those three issues of job development, business expansion, and local revitalization, you know, we have to weight whether one project would be sounder than another. At this point this project in the context of

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its pipeline and in the context of the County's priority, we feel is a strong project.

COMPTROLLER FRANCHOT: I appreciate that. I'm going to vote for it. But I'm real skeptical about the situation, given the focus that your funds generally are.

MS. GILBERT: Mm-hmm.

COMPTROLLER FRANCHOT: And I understand you have, you are deferring to the County. But I hope if there's anyone here from the County, and maybe we'll send them a letter, that this thing just strike me as something that is in the area that your fund is understandably focused on. And I'm delighted that you've got other things. I hope in talking to Prince George's you can communicate at least my concern that it not be --

MS. GILBERT: Thank you. Yes, sir.

COMPTROLLER FRANCHOT: -- funding chain hotels on prime locations on the Beltway.

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MS. GILBERT: We're very active with the County in what you might call more traditional locations, such as the Route 1 corridor. This program has a number of sites in the past and in the future envisioned for the Route 1 corridor, most recently the EYA development in the Hyattsville area which has a new retail center which includes Bus Boys & Poets Restaurant, and the recently, the new location of the Big Bad Wolf II, a pet food store in the County. So we do, we do absolutely feel that this program is unique because of its role within these older, traditional communities. This just happens to be, we think, a strong kind of project for helping an older suburb and area.

COMPTROLLER FRANCHOT: What a great name for a pet food store, Big Bad Wolf.

MS. GILBERT: It is, yes.

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COMPTROLLER FRANCHOT: So, yes, thank you.
I'm sure you'll continue to do good work. Thank you,
Governor.

GOVERNOR O'MALLEY: Thank you. Any, tell me
the neighborhood that that was in again?

MS. GILBERT: In the --

GOVERNOR O'MALLEY: Near Andrews?

MS. GILBERT: Camp Springs. It's about two
miles from Andrews.

GOVERNOR O'MALLEY: Okay. Thank you.
Anything else on the Secretary's Agenda? Mr.
Comptroller?

COMPTROLLER FRANCHOT: No.

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.)

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GOVERNOR O'MALLEY: The ayes have it. We move on to the, there's nothing in the appendix, right?

SECRETARY MCDONALD: DNR.

GOVERNOR O'MALLEY: DNR Real Property.

MS. WILSON: Good morning, Governor, Mr. Comptroller, Madam Treasurer.

GOVERNOR O'MALLEY: Hi.

MS. WILSON: Emily Wilson with the Department of Natural Resources. We have 13 items today, including one supplemental. And we are withdrawing Item 11A. I'd be happy to try to answer any questions.

GOVERNOR O'MALLEY: Any questions?

COMPTROLLER FRANCHOT: No.

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

THE BOARD: Aye.

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GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: And the ayes have it.

MS. WILSON: Thank you.

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

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are 16 items on the Department of Budget and Management's Agenda for today. And I'll be happy to answer any questions you may have.

GOVERNOR O'MALLEY: Any questions, Department of Budget and Management? Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 53B?

GOVERNOR O'MALLEY: Item 53B.

MS. FOSTER: I have Item 1 through Item 16.

SECRETARY MCDONALD: But there is no item --

COMPTROLLER FRANCHOT: Supplemental item?

MS. FOSTER: Oh, page 53?

SECRETARY MCDONALD: Right, there's a --
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MS. FOSTER: Page 53, okay. Sorry.

COMPTROLLER FRANCHOT: Sorry.

SECRETARY MCDONALD: It's Item 16.

MS. FOSTER: Item 16 on page 53B. So Item 16 is a request for the Lottery to approve 44 positions for the Lottery within the rule of 100 for fiscal year 2013. And I think Mr. Stephen Martino is here to follow up on any questions you may have.

COMPTROLLER FRANCHOT: Yes, thank you for being here. And we're on the opposite side from time to time on these issues. And I just want to salute your professionalism, Mr. Martino, in dealing with various aspects of this issue. But I noticed that this item is spending \$1.7 million to create 44 new positions within the State Lottery. And as I understand it it's going to enable you to carry out your responsibility to properly regulate, do background checks, govern the expanded operations that were approved by the voters last week?

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MR. MARTINO: That's correct.

COMPTROLLER FRANCHOT: Boy, you are moving awful fast. It didn't take very long. But I salute you, I guess, for your administrative alacrity. I do have a couple of questions, if I may? How are these new positions being funded? Because all I see is a line saying that the Secretary of DBM has certified that funds are available for the new position?

MR. MARTINO: And again, for the record, Stephen Martino, Director of the Maryland Lottery and Gaming Control Agency. The fund source, I think, as a practical matter between now and April 1, 2015 will be general funds. As you know, two percent of gross gaming revenue from the slot machines at the casinos goes to the agency to underwrite the cost of regulation. However, those funds are used currently to pay for the purchase, the procurement of the slot machines that are at the facilities.

Mr. Comptroller, as I think you are aware, the Legislature during its special session in August

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removed the State from the ongoing responsibility of purchasing machines after the expiration of the master contract. That master contract expires on March 31, 2015. We will only have an ongoing obligation at that time to procure machines for the Rocky Gap and Ocean Downs facilities. So until that time State general funds are used to underwrite the cost of and the expenses of regulation, which these positions that we are requesting are directly tied to both from the results of Question 7, which did pass last week, and also some regulatory responsibilities that were assigned to the agency both in the regular session in the Spring and the gaming session in August.

COMPTROLLER FRANCHOT: Okay. Just out of curiosity, do other states pay for the background checks, etcetera, or whatever is being done with these positions?

MR. MARTINO: It's done, it's done a number of different ways. So in some states they send a bill

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to the gaming industry and the gaming industry reimburses the state for the cost of regulation. In some states it is simply a cost that is borne from the state general fund. In others there are, you know, perhaps a direct taxing mechanism or reimbursement, other fee, you know, that exists. So I think that you could find every variation. I wouldn't say that what we have in Maryland is peculiar or unusual in any way.

COMPTROLLER FRANCHOT: But other states set up new bureaucracies with state employees that are dedicated --

MR. MARTINO: Oh I --

COMPTROLLER FRANCHOT: -- to this subject matter? Or is it --

MR. MARTINO: I'm sorry. I may have misunderstood your question. Yes, I think in every case the gaming industry is well regulated. And in every case that I'm aware of, from Nevada to New Jersey and all the states that have, you know, the 22 states now that have some form of regulation,

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regulatory oversight over commercial casino gaming,
there is state oversight.

COMPTROLLER FRANCHOT: So any general fund
dollars are going to be reimbursed? Is that what I
heard?

MR. MARTINO: And there are license fees
that we do charge for both the individuals and for the
companies. And so we've certainly on the corporate
side and for the, what we call principal background,
which is the highest level of background of
examination we do, we get full reimbursement for the
time that our agents spend in investigating those
backgrounds. As we get lower to the, what we call the
non-gaming, so people who don't have any interaction
with funds or money, we have a set fee based on what
we believe is the general amount of time that we spend
to investigate that background. In some cases it's
more, in some cases it's less. We believe it nets out
largely to a wash. But it also helps keep the price

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of a license reasonable for individuals so that they can come in and work in this industry.

COMPTROLLER FRANCHOT: Mm-hmm. So here's my slant on this new bureaucracy. And I'm probably going to support it because of the need for oversight and regulation, as you indicated. We had some efforts to locate a State agency in Prince George's County that somewhat have receded. I'm not sure where that all is. But have you given any thought to suggesting to folks that they think about locating this new, well really bureaucracy I guess you would call it that you are building to regulate the gambling industry, wouldn't it be an ideal fit for a State presence in Prince George's County? To locate these workers and other new employees that I assume you are going to ramp up to, locate them in Prince George's County?

MR. MARTINO: That's certainly something that we can consider. As I'm sure also you are aware, however, the casino in Prince George's County will not open in any case by law until the Summer of 2016.

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These positions that are being requested today are for us to stand up as quickly as possible the table games that were approved and also the move to 24 hour, seven days a week operations. But your point is well taken and it's certainly something that we can consider going forward.

COMPTROLLER FRANCHOT: Well it would certainly, yeah, it would certainly be close to the casinos that are coming on in the interim. And I'm not suggesting that that should substitute for other State agencies locating in Prince George's County. I'm wondering if this isn't an opportunity to have, since it's convenient to Anne Arundel County, and also frankly to Baltimore City, and would be ultimately convenient to the National Harbor, I'd appreciate it if you could give it some thought and tell me whether there is some down side there. Because I just see it as a, as a very logical fit.

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MR. MARTINO: I'd be happy to give it some thought.

GOVERNOR O'MALLEY: Where would they be housed now?

MR. MARTINO: Out of our office in Baltimore. And we're in the Montgomery Office Park at Washington and Monroe in Baltimore City.

GOVERNOR O'MALLEY: I see.

COMPTROLLER FRANCHOT: It's going to get bigger. You're going to be hiring additional people, I would think. So anyway, you have to also regulate the veterans clubs. And they are all, a lot of them are down in that area. And then just finally, are, how are you going to locate the 44 people that you are planning on hiring for these purposes? Do you advertise nationally? Or --

MR. MARTINO: We do. I mean, these would all be, you know, competitively searched positions going through DBM. I think most of these positions can be filled locally. It's not something that we

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would need to go out, with the possible exception of the maybe Director of Table Games, Director of Gaming Research, where we might desire some kind of gaming specific knowledge coming in. But certainly the licensing investigators, the financial investigators, I can tell you that every time that we search for these positions we receive literally hundreds of resumes from local, or hundreds of applications from Marylanders who are looking for a position. And I think in every case we've hired locally.

COMPTROLLER FRANCHOT: And thank you. And again, I salute your professional approach to all of these matters, despite the campaigns that we just went through.

MR. MARTINO: Thank you.

COMPTROLLER FRANCHOT: Thank you, Governor.

GOVERNOR O'MALLEY: Thank you. Regular, full time equivalent position changes. 2002 actual in the executive branch was 55,980. That was reduced in

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the 2013 legislative appropriation to 50,271. That's 5,709 less. Just for anybody that is counting along. Okay, any other questions, Department of Budget and Management? The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: And the ayes have it.

We move on now to the Department of Information -- no, we don't either. What did I skip? University System of Maryland.

MR. EVANS: Good morning. Joe Evans representing the University System of Maryland. We have 13 items on the Agenda today and we're here to answer any questions.

TREASURER KOPP: What's, what is the status of the Coppin project? I know we're buying up all the properties.

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MR. EVANS: That would be Science and Technology?

TREASURER KOPP: Yes.

SECRETARY MCDONALD: Yes. Where you are buying four, five, six, buying properties and the Science and Technology Center. Do you have anybody here on this topic?

MR. EVANS: We have Steve Brown come up --

SECRETARY MCDONALD: Well yeah, Steve, just give us an update --

TREASURER KOPP: I just was wondering where we were with this new project. I understand where we are with buying up the properties, and most of those things that were yellow are now turning not yellow. But --

MR. BROWN: Yes. Good morning. I'm Steve Brown. I'm the Real Estate Acquisition Manager at Coppin. We have purchased and do own a 195 of the 210 properties that we need. The other 15 we either have

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under contract or they are in court. So we are on the way to, you know, the completion of it, the acquisition process.

TREASURER KOPP: And then after you've acquired all these properties, what happens then?

MR. BROWN: We have actually started the demolition process. And already some of those old buildings are starting to come down, and the construction of the Science and Technology Center will commence immediately?

TREASURER KOPP: And is all the money in place?

MR. BROWN: To my knowledge, yes, ma'am.

TREASURER KOPP: Okay. Thank you. I want to go up and see it. Thank you.

MR. BROWN: Thank you very much.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: I had a question on Item 12.

MR. EVANS: Item 12? I'd like to bring up Mark Behm, who is the Vice President for Administration at Towson University.

MR. BEHM: Good morning.

COMPTROLLER FRANCHOT: Good morning. So my question, I guess, either for the System or for Towson, is that I understand you are selling for \$1.8 million your FCC television station license and associated broadcast equipment?

MR. BEHM: Yes, sir.

COMPTROLLER FRANCHOT: But I also notice that the most, at least according to my notes the most recent appraisal was eight years ago. And I'm wondering whether you or the System have any concerns or any discomfort in making this kind of sale without the benefit of a more current appraisal? Or am I just not properly briefed here?

MR. BEHM: No, you are correct. The, we are not concerned about the appraisal because the TV

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station has been on the market the entire time. We've hired professionals to actually be agents to try to sell the TV license. We've gotten one offer before this one for \$50,000. So our feeling is this is a fair and reasonable price given it's literally been on the market for those eight years.

COMPTROLLER FRANCHOT: And the System, do you oversee this? Or do you just let Towson, or the members of the System, do their own --

MR. BEHM: We did go through the Board of Regents.

COMPTROLLER FRANCHOT: Okay. Thank you.

TREASURER KOPP: I have a question about Item 11. It's the phase two of the College Park comprehensive energy efficiency savings program. And I just wondered if there were something in writing which you are using to explain to the community what you are doing and what the savings are going to be?

MR. EVANS: I'm going to bring up Mr. Stirling to answer that question.

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TREASURER KOPP: I mean, these are major, major undertaking with major savings.

MR. STIRLING: I'm not aware of anything in writing that exists today. But we can certainly put together a press release and announcement.

TREASURER KOPP: I think it would be very interesting. I mean, greening the University is a major goal, as I understand it, of the Board of Regents and administration. And this looks like a significant component of that endeavor. I think it would be good to see it laid out.

MR. STIRLING: I agree. This is the fourth or fifth time that we've done a project like this that we're doing.

TREASURER KOPP: Right. Right.

MR. STIRLING: Like type buildings as separate projects.

TREASURER KOPP: Yeah. And people should know it.

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MR. STIRLING: Right. Yeah, we'll do that.

TREASURER KOPP: Thanks.

MR. STIRLING: Thank you.

GOVERNOR O'MALLEY: Thank you. Anything else? The Treasurer moves approval, University System of Maryland budget items, seconded by -- or rather Public Works items seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

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

MR. SCHLANGER: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Elliot Schlanger, Department of Information Technology. This morning we have 13 items on our Agenda, and I would be happy to answer any questions at this time.

GOVERNOR O'MALLEY: Any questions?
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SECRETARY MCDONALD: Governor, we did receive a letter late last night from somebody who wants to be heard.

GOVERNOR O'MALLEY: Mr. Jolivet? Is that the somebody?

SECRETARY MCDONALD: Yes, Mr. Jolivet is here.

GOVERNOR O'MALLEY: It was something about late last night that tipped me to it.

(Laughter.)

MR. JOLIVET: Good morning, Madam Treasurer, Governor, and Mr. Comptroller. I will be very brief if I can. Several of the items that concern the Department of Information Technology involve my concern that the MBE goal was perhaps rather -- no, not perhaps. Was clearly set, established rather low. And I'm seeing continuously this 20 percent MBE goal, almost across the board. And I just refuse to believe, I've got 30 years in this business. And I'm

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just certain that when we do the analysis, supposedly every time a contract is awarded there is purported to be an analysis of what the MBE goal should really be. And so I want the Board, I want the Board to consider whether or not the process that's being used to establish the MBE goal is a real, true market price process. And I'm not convinced that it is.

But I would ask this Board, in its wisdom, to have the agencies to do a more detailed analysis of what the MBE goal should properly be. Again, I called these particular contracts to the Board's attention because of the commonality. Every, all of these contracts had either a five percent goal or a 20 percent goal. And I would suggest, I would strongly suggest that that simply raises a red flag that the goal was not properly structured according to generally accepted MBE utilization goal establishing process.

And I could even be wrong, but I don't think

I am. But I know the Board would have the same

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concern that I would have, whether or not the goals were properly being established. So I know the Board is, this is the last hour and the Board is probably going to have some concerns about sending the contracts back to the agencies. So I'm mindful of that factor myself. But nonetheless, I would ask the Board respectfully if the Board would consider that one request. Because it is just not reasonable that we never get a contract where the agencies establish a goal that is above 25 percent. Sometimes it goes, but not as a matter of practice. And I am concerned by that. Because the minority program was designed not to be a floor, not to be a maximum, but to be flexible. And if there are appropriate occasions where the contract is of such a nature in terms of the elements of work that would dictate a higher goal, then we ought to see the minority business being able to get that higher goal. And unfortunately I might submit to this Board that I am not seeing that. And

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that's the way that the program should more appropriately work.

And that's all I want to say. And I want to ask the Board if my comments on this particular contract could be accepted on all of the other contracts on which I challenged the propriety of the goal. And I think that's a reasonable request. So I don't waste the Board's time on the same argument, if I could make that request I truly would appreciate it.

SECRETARY MCDONALD: We have noted that Mr. Jolivet has written us about Items 3, 7, and 8 on the IT Agenda. Item 2 and 10 on the DBM Agenda. And Item 44 on the DOT Agenda. So we will note that in the record, that his comments apply to all those items.

GOVERNOR O'MALLEY: Okay. Great. Thank you, Mr. Jolivet.

MR. JOLIVET: Thank you. I appreciate the opportunity to be here and to have on the records my concerns.

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GOVERNOR O'MALLEY: Thank you. Okay. Any other questions, Department of Information Technology? Hearing none, 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: Department of Transportation.

MR. DORMSJO: Good morning. Leif Dormsjo with the Department of Transportation. We have 45 items. Item 45-AE is a supplemental item.

GOVERNOR O'MALLEY: Any questions, Department of Transportation?

MR. JOLIVET: I did have, if I can --

GOVERNOR O'MALLEY: Sure.

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MR. JOLIVET: If it would be appropriate? I know I made the statement that the Board would accept my comments for the other matters. But I didn't intend to have this matter as a part of the ones that --

GOVERNOR O'MALLEY: Okay. What item would you like to talk to now, Mr. Jolivet?

MR. JOLIVET: The MAA contract for the BWI -

SECRETARY MCDONALD: Right. Item 44-EX, it's a report of an expedited procurement. Maybe Transportation would like to give a short thumbnail on what the contract is before Mr. Jolivet states his problems with it?

MR. DORMSJO: Sure. Okay, this contract pertains to the concourse widening of the C Pier. It's related to the B-C connector project. This is the third time the Board has seen this project. Initially it was approved for expedited procurement in December of 2011, and we reported back to the Board on

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June 6, 2012 when the contract was actually awarded.

Ms. Suzette Moore is here from BWI. She's the procurement officer and can answer any questions.

MS. MOORE: Good morning --

GOVERNOR O'MALLEY: Hi.

MS. MOORE: -- Governor, Comptroller, Madam Treasurer. For the record, Suzette Moore, Director and Chief Procurement Officer of the Maryland Aviation Administration. Louisa Goldstein, she's our Chief Counsel for the Aviation Administration.

As Mr. Dormsjo has already started to explain, this actually is the report for the Concourse C widening portion of the entire program. In June we reported back the B-C connector aspect of the program, which was also the award. We are in the expedited procurement process which we gained approval of that process back in December, 2011. And with that process, approval process at that time, we were able to go out and do our direct solicitation to those

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firms that we determined was capable of providing the services that we need of building the Concourse C and also the B-C connector in an expedited manner.

What the Board has before them today is actually the procurement report of the approval of the procurement process for the Concourse C widening. And we're just reporting it back as the regulation dictates within the 30 days of the NTP, or notice of award.

COMPTROLLER FRANCHOT: Governor?

GOVERNOR O'MALLEY: Okay.

COMPTROLLER FRANCHOT: I just am sitting here thinking about my great predecessor, whose daughter is standing before us. And I tip my hat to Comptroller Louis Goldstein. Because he, you know, he's a giant. And it's just a delight for me to see you here. And you, obviously, know a lot about procurement also. So I hope Mr. Usher seeks you out.

MS. GOLDSTEIN: Thank you very much for your kind words about my father, and I'd be glad to talk to anyone who is looking at the procurement law.

COMPTROLLER FRANCHOT: Excellent. Good to see you.

MS. GOLDSTEIN: -- good thing to do. Thank you. I just wanted to add one other thing. That this Board also approved a lease to the Maryland Transportation Authority for this project back in March. And the Authority issued bonds which were approved in April to finance both the B-C connector and this C widening. So all of that has happened and the Board has been aware of that since last December.

TREASURER KOPP: And they did very well with the bonds, too.

MS. GOLDSTEIN: Yes ma'am, they did, Madam Treasurer.

TREASURER KOPP: And this is one in which there's 21 percent MBE?

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MS. MOORE: Yes. That is the goal on it.

The PRG did assess this, the MBE goal for this project. In that assessment it was considered that there are specialty systems within the terminal building. We have baggage handling systems, loading bridges. Those things are not subcontractable, and it was considered in assessing the goal. Also in the terminal building we do have sole source systems that also are not subcontractable items. But all other categories of work were considered in setting the goal.

TREASURER KOPP: What is the completion date?

MS. MOORE: The completion of the first phase is going to be early June, 2013, which is the B-C connector. And that enables the ease of going from Concourse B to Concourse C. Following that we anticipate the conclusion of Concourse C widening in the Fall of next year.

TREASURER KOPP: That's great. That will make a big difference for --

MS. MOORE: Yes.

TREASURER KOPP: -- for the travelers.

COMPTROLLER FRANCHOT: Thanks.

GOVERNOR O'MALLEY: Mr. Jolivet?

MR. JOLIVET: Yes. The message I want to leave the Board with today is that there is always risk of stifling competition when the procurement agency uses a direct solicitation procurement process. And in our State now where we are trying to be diverse, and we're trying to reach out to groups that heretofore have not been a part of the bidding process, I think it's risky and it's inappropriate to use an exclusive direct bidding process. It is appropriate, but probably not advisable, because you miss, inadvertently miss a good number of otherwise qualified contractors who would be able to compete for this job.

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The present system that was used on this procurement, I think had a lot to be desired. Because not only did it exclude the qualified minority firms in the bidding process, but there is also a process that's provided by COMAR where they are supposed to send a direct notice of a, and the copy of the bid documents to the Governor's Office of Minority Affairs, which in turn will distribute it to appropriate minority business organizations. Also there is a clear unmistakable requirement that when they do direct solicitation they are also required to solicit among qualified minority firms. And I am concerned that in this procurement that agency did neither. And I would be also concerned that the provisions of COMAR are, as I indicated in my communication to the Board, I would be very much concerned that the provisions of COMAR 21-11-309(d) and (e) are mandatory. Are mandatory. This is something that the executive has placed as a condition preceding on bidding. And I would submit to the Board

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that one can make a very strong argument that the failure of the agency to follow the solicitation provision of this particular COMAR provision, it may render the contract null and void. And I would ask this Board today in light of that fact, the Board should not go that far. The Board should reject this proposed procurement at hand. That's all I would like to say.

I appreciate the opportunity to address this Board. But I think the procurement, this particular procurement in particular, has a number of flaws that does not support our minority program, and moreover it seems to stifle competition. We ought to always have the maximum competition, for the taxpayer, for the agency. And I'm afraid that this proposal and this procurement in its entirety simply defeated the concept of competitive bidding. That's all I would like to say and I thank you for hearing me.

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GOVERNOR O'MALLEY: Thank you, Mr. Jolivet.

Any other questions?

TREASURER KOPP: I would like to hear, Governor, the MDOT response. Just, thank you very much, Mr. Jolivet. To the specific questions raised, including whether this procurement violates COMAR in any way?

MS. MOORE: Well first I would like to state that the, by us being able to use the expedited procurement process?

TREASURER KOPP: Yes?

MS. MOORE: We are outside of the provisions of COMAR that was just alluded to.

TREASURER KOPP: There are, I assume, other provisions of COMAR which cover this --

MS. MOORE: Absolutely.

TREASURER KOPP: Thank you.

MS. MOORE: In the expedited procurement regulation it dictates the type of outreach that we do or the solicitation. And actually in that regulation

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we are allowed to just go directly to one firm. But we choose to do competition. So one of the elements is direct solicitation. And that's the way that we went.

TREASURER KOPP: Okay. And in terms of reaching out to minority firms under this provision?

MS. MOORE: Yes. In this particular procurement, the program, the overall program, all the firms that was involved actually had outreach events for minority firms. They went to several of the, at least one minority association that I know of for sure, and used their register of constituents and sent letters. They had events. So there was an aggressive outreach from all four firms that was involved in the program. And as a result, this particular one I believe that two, at least two of the firms was a result of that outreach and is on the contracting team.

TREASURER KOPP: Thank you. Thank you,
Governor.

GOVERNOR O'MALLEY: Thank you. Any other
questions? Okay.

COMPTROLLER FRANCHOT: I have a question on
another item?

GOVERNOR O'MALLEY: Sure.

COMPTROLLER FRANCHOT: Item 20-RP? I'm not
sure if it's Mr. Dormsjo or someone else that can help
me on this.

MR. DORMSJO: You are referring to the SHA
contract?

COMPTROLLER FRANCHOT: It's the sale of
surplus land in Parkville by the Maryland Transit
Administration --

MR. DORMSJO: Oh, okay.

COMPTROLLER FRANCHOT: -- to the Baltimore
County Revenue Authority for \$52,950.

MR. DORMSJO: Yes.

COMPTROLLER FRANCHOT: So --
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MR. DORMSJO: George Fabula is with the Real Estate Office at MTA.

COMPTROLLER FRANCHOT: Great.

MR. FABULA: Good morning. George Fabula. I manage the Real Estate Division for the Maryland Transit Administration. This is the sale of the remainder of a Harford Road bus loop to the Revenue Authority based on a 1958 option contract.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. FABULA: The option contract contained two pieces of property. The first was a rectangular-shaped piece, which the Revenue Authority exercised that option back in 1958 and improved into a surface parking lot. The remainder is an L-shaped piece of property that the MTA utilized as the Harford bus loop from 1958 to 1992.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. FABULA: At that time we relinquished rights to the property as far as utilizing it as a bus

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loop and allowed the Revenue Authority to expand the parking lot into what it is today. Fast forward to 2011, the Revenue Authority came to MTA moving forward with exercising the second option in that 1958 contract. And that's why we're here today.

COMPTROLLER FRANCHOT: Okay. No, that's fair. And I understand that background. A number of, or several elected officials and community leaders and business, local merchants, I guess, have expressed opposition to this transfer. And I think they cited the businesses, that there was going to be a loss of free parking spaces that would lead to an increase in foot traffic on highly traveled arteries. I'm not particularly wedded to one side or the other. But I do have a few questions. What does the Revenue Authority intend to do with the lot? Do you know?

MR. FABULA: I do not know that answer.

COMPTROLLER FRANCHOT: And this issue of free parking spaces for the local merchants, does

anybody know how many parking spaces there are? And whether there is an alternative?

MR. FABULA: I know currently there's about 50 parking spaces at this lot. But I'm not sure if there is an alternative to replace those spaces.

MR. DORMSJO: I think they are actually intending to develop that parcel for a Walgreens.

COMPTROLLER FRANCHOT: For a pharmacy?

MR. DORMSJO: Yes.

COMPTROLLER FRANCHOT: Uh-huh.

TREASURER KOPP: We're only talking about this L-shaped part of it, right?

MR. DORMSJO: Yes. The property that wraps around --

MR. FABULA: That is correct. This is the, the L-shape is the only thing under consideration today.

COMPTROLLER FRANCHOT: Okay. If I could just --

GOVERNOR O'MALLEY: I'm sorry. Mr. Comptroller, could you orient me on this map? Tell me where, where are we? I mean, what are those roads?

MR. FABULA: Well we have, Harford Road is on the left side of the property. And Lavender Road is on the top. Where it has the HRW, that's Lavender Road. And --

GOVERNOR O'MALLEY: So that's Harford Road northbound, on the open side of the L?

MR. FABULA: That is correct.

GOVERNOR O'MALLEY: Okay. Harford Road northbound. And whereabouts on Harford Road?

MR. FABULA: This is a little bit, I mean, just about a block and a half north of Taylor Avenue.

GOVERNOR O'MALLEY: A block and a half north of Taylor Avenue.

MR. FABULA: If I'm correct.

GOVERNOR O'MALLEY: On the right-hand side?

MR. FABULA: Mm-hmm.

GOVERNOR O'MALLEY: As you are going north.
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MR. FABULA: Yeah. Probably about three miles or four miles south of 695.

GOVERNOR O'MALLEY: Just above Taylor Avenue, which is the City --

MR. DORMSJO: This is in the County.

MR. FABULA: This is in Baltimore County.

GOVERNOR O'MALLEY: Got it.

GOVERNOR O'MALLEY: Okay. All right. Thanks. I still can't picture it.

(Laughter.)

COMPTROLLER FRANCHOT: If I could just ask for your perspective on the appraisal process? Because I notice SHA solicited three appraisals. One was for \$52,950, the second was for \$160,000, and the third was for \$233,000. That's a wide variance, almost threefold between the low and the high appraisal. How come you would have that kind of variance when they are looking at the same property with the same assumptions in the same timeframe?

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MR. FABULA: Well again, an appraisal is an opinion of value. And basically the differences all came about comparables. The highest number, basically the majority of the comparables were not in the same market as this Harford Road piece of property. So that's essentially why that appraisal was not accepted. The middle one, the comparables were in the same area but they were for improved pieces of property, the majority of those comparables. So it really didn't pinpoint exactly what we have presented today. And so the lowest of the values, the comparables were unimproved pieces of property, the majority of the comparables. And it really fit the project site.

COMPTROLLER FRANCHOT: I guess what strikes me, and it may be a misconception on my part. But it seems whenever we are purchasing private land, we are always paying the highest appraisal. And whenever we are selling public land we seem to be selling it for the low appraisal price. But you are comfortable that

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this is the correct level? We couldn't have just picked the one in the middle as the more reasonable alternative?

MR. FABULA: Well we have a review process which helps us, makes us, excuse me, helps us make decisions. And the 1958 option did have that this L-shaped piece of property was going to be acquired for \$14,000. So there were some negotiations in order to get the current fair market value.

TREASURER KOPP: I find that the toughest part of this whole item, which is why, albeit over 50 years ago, we just had an open-ended commitment like that. Do we do that now? Just say forever you can purchase something?

MR. DORMSJO: You are exactly right. And that agreement was reached when the Baltimore Transit Service was a private company. So we inherited that option. That was not done by the State. It's my

understanding that was done by the transportation company --

TREASURER KOPP: Yeah.

MR. DORMSJO: -- before it went bankrupt and --

TREASURER KOPP: Right. Got it.

MR. FABULA: That's a good point.

MR. DORMSJO: You are right on track.

TREASURER KOPP: But I find that very difficult. My understanding is, and we've got a picture here which these brilliant young people with their computers, I now understand where it is. So we're selling it for more than we actually, we, Baltimore City, for more, Baltimore County, than they have to?

MR. FABULA: That's correct, ma'am.

MR. DORMSJO: Right.

TREASURER KOPP: My understanding, and I see there is a great deal of parking around. I mean, that's what's interesting about this thing that you

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have found. But you may want to, it's this little, they are talking about this little thing up here.

COMPTROLLER FRANCHOT: Right.

TREASURER KOPP: And this is --

COMPTROLLER FRANCHOT: No, I'm sure there's some alternatives. I guess, though, if you have to cross Harford Road, that's not easy.

MR. FABULA: Yes, sir.

COMPTROLLER FRANCHOT: From time to time. So I respect the Treasurer, and I'm going to probably vote against this. Just because the impression I get is the wrong one, and it may be what other people in the, when they look at this, get. Which is that, you know, we have three different appraisals. We pick the one that's lowest. And I appreciate what you are saying, but I just don't get a sense that the taxpayers really got the best deal out of this.

GOVERNOR O'MALLEY: Is this the one that's on the same side of the road as the gun shop?

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MR. FABULA: I don't know that answer. I think --

GOVERNOR O'MALLEY: Across the street from the gun shop?

MR. FABULA: If you know where Racer's is? It's on the opposite side of that.

GOVERNOR O'MALLEY: Why are you laughing when you ask me that?

(Laughter.)

GOVERNOR O'MALLEY: Of course I know where Racer's is.

(Laughter.)

TREASURER KOPP: And my understanding from having talked to the Chairman of the Revenue Authority, Tom Hutchinson, is that the Revenue Authority after speaking with the County Executive and the community intends to devote \$100,000 coming out of this total sale, of this little sliver and the rest of the property, to the Parkville area. With the intent, obviously they are the Revenue Authority, this is

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their job, that the entire area be invigorated by the new building and by the use of the \$100,000. Is that your understanding? I mean, is that a shared understanding?

MR. DORMSJO: That's my understanding, yes.

GOVERNOR O'MALLEY: There's a giant parking lot just to the south, at the Parkville Shopping Center. That also has parking behind the parking.

MR. FABULA: That is correct.

GOVERNOR O'MALLEY: As you are lacking parking.

COMPTROLLER FRANCHOT: Yeah, I just renew my concern about the variance in the appraisals. It just, I heard what you said.

MR. DORMSJO: Mm-hmm.

COMPTROLLER FRANCHOT: But it doesn't make sense to me as far as the discrepancy. And I just don't like to see the State running with the lowest appraisal in these kinds of situations. So.

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MR. FABULA: Yes, sir.

GOVERNOR O'MALLEY: Okay.

COMPTROLLER FRANCHOT: I will, if I could, vote no on this, and yes on the rest of the Agenda.

GOVERNOR O'MALLEY: All right. We'll move Item 20-RP separately. The Governor moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye." All opposed?

COMPTROLLER FRANCHOT: No.

GOVERNOR O'MALLEY: The Comptroller moves no. the Comptroller moves the balance of the Transportation Agenda items. The Treasurer 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. We move on to the Department of General Services.

MR. COLLINS: Thank you, Governor. Good morning, Governor, Madam Treasurer, Mr. Comptroller.

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For the record, Al Collins, Secretary of the Department of General Services. The department has 42 items on our Agenda, including two supplementals. We are withdrawing line item A on Item 6-GM, and revising Item 15-GM, lines A and C. We'll be glad to answer any questions on any of the items that you might have.

GOVERNOR O'MALLEY: Any questions? Hearing -- Mr. Comptroller?

COMPTROLLER FRANCHOT: I just want to, on a separate matter we lost power in the data center for a variety of reasons. And it's, and it was a big crisis. And it was over the weekend. And I just want to commend Secretary Collins for having his people get in very quickly and help us resolve that situation. Because the, it got up in the triple digits, the temperature was up, everything was jeopardized. And DGS really came through. And thank you for that response.

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MR. COLLINS: Thank you, Mr. Comptroller.
That's what we call Doing Great Service over at DGS.
Thank you very much.

COMPTROLLER FRANCHOT: Yes. Give me one of
those buttons.

GOVERNOR O'MALLEY: Doing great service.
Okay. The Treasurer moves approval of the DGS Agenda
items, seconded by the Comptroller. All in favor
signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it and
that concludes our meeting. Thank you.

(Whereupon, at 11:48 a.m., the meeting
was concluded.)

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