
STATE OF MARYLAND
BOARD OF PUBLIC WORKS

*GOLDSTEIN TREASURY BUILDING, 80 CALVERT STREET
ANNAPOLIS, MARYLAND*

July 23, 2014
10:16 a.m.

PRESENT

HONORABLE MARTIN O'MALLEY

Governor

HONORABLE NANCY KOPP

Treasurer

HONORABLE PETER FRANCHOT

Comptroller

SHEILA C. MCDONALD

Secretary of Public Works

ALVIN COLLINS

Secretary of General Services

WILSON PARRAN

Deputy Secretary of Transportation

EMILY WILSON

Director, Land Acquisition & Planning, Department of Natural Resources

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Special Secretary, Governor's Office of Minority Affairs

MARY JO CHILDS

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MISSY HODGES

Recording Secretary, Board of Public Works

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PROCEEDINGS

GOVERNOR O'MALLEY: Welcome to the Board of Public Works. Today is a slightly longer than usual hearing. But we're going to, we have some, the reason we are here is because we have some bond business to conclude, and I will leave that to the Treasurer to talk about. We're going to take a break around lunchtime, I think, around noonish, and then we're going to reconvene at 1:00 across over in the State House because there are a number of people that want to use the opportunity of the wetlands permit for Cove Point to talk about any number of broader, larger issues having to do with energy, fracking, gas, natural gas, solar, not solar, and many other things.

I suppose at some point, though, we're probably kind of changing the traditions of the Board of Public Works where we allow anyone to use anything that's on the Agenda as a reason to talk about anything they want. But in the last six months of my tenure is probably not a good time to change traditions.

(Laughter.)

GOVERNOR O'MALLEY: So we'll leave that to the next Board of Public Works. I mean, you can't buy a snow plow for the Airport anymore without touching off a cataclysmic battle between wages and income inequality and these things.

So anyway, so it's a beautiful day in Maryland. It's now 10:20. We have to be doing this at 10:30. So Mr. Comptroller, do you have any opening remarks?

COMPTROLLER FRANCHOT: Yes, Governor. Good morning to you, to the State Treasurer. I agree, obviously we have a long meeting ahead of us. But before we get started I did want to just acknowledge briefly the grave instability that exists around us in the world today, and offer prayers to the families of those who lost their lives aboard the Malaysian airliner, and those who are living amidst terror and violence as we speak. It is just a reminder to us in Maryland of how lucky we are to live without constant threats of violence or instability. Frankly, that was on evidence last Wednesday, for those of you that went down to Crisfield for the Tawes Crab Feast. Many of us who have the privilege to serve in various capacities in Maryland politics and government had the opportunity down in Crisfield to set our troubles aside for an afternoon and attend the crab and clam bake there. That is a timeless Maryland political tradition which I hope, Governor, will respect what you did as Governor. Which is make sure that you never, ever schedule a Board of Public Works meeting on the Tawes Crab Feast. It is much appreciated.

People come from different parties, different regions of the State. And they bond over a shared love of steamed crabs and old friends and good political gossip, and maybe even a cold beer. And for those of you that were there

it was the absolutely nicest day I have ever experienced in many years of going down for the crab feast, low humidity, temperate heat, even a light breeze. So often I think if only our friends in Washington could transcend their partisan differences the way we do down in Crisfield, our political process would be a lot better off.

And if I could just for a moment, Madam Treasurer, I'm sorry, it looks like we're getting distracted over there. But I just wanted to take a moment of personal privilege and welcome my dad, who is visiting us. I took him to Boonsboro and Funkstown yesterday up in Washington County. We got a great reception from the mayors and commissioners. I think they were happier to see him than to see me. And he's my own ambassador at large. He fought in World War II, a Navy pilot. He went to, finished up at Yale, and Yale Law School after that, had a long career in the law. Among other things was one of the top lawyers at Bristol Meyers in New York. And then general counsel for Republic Steel in Cleveland, where he lives now. And also finished up his career as general counsel for University Hospital, which is one of the huge healthcare systems out in the Ohio region.

He doesn't live in Maryland. And I only give my Comptroller Medallions out to the people like the Governor, who live in Maryland and make a difference. But I'm going to make an exception today and give my dad a

Comptroller's Medallion for being part of America's greatest generation and making a difference for our country.

(Applause.)

COMPTROLLER FRANCHOT: I tell my critics I'm going to outlive them. And they are very disappointed when they meet Dad because he's 92.

(Laughter.)

COMPTROLLER FRANCHOT: But Dad, thanks for being here. And Governor, thank you for letting me make that presentation.

GOVERNOR O'MALLEY: Absolutely. I'm emailing my staff right now to bring a Governor's Medallion.

(Laughter.)

TREASURER KOPP: If I had a Medallion --

(Laughter.)

TREASURER KOPP: You forgot to mention, Peter, that your father was also one of the most debonair and charming men in Ohio, in Maryland, or elsewhere.

COMPTROLLER FRANCHOT: Thank you, Madam Treasurer. He appreciates that.

TREASURER KOPP: Yes. Well --

(Laughter.)

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COMPTROLLER FRANCHOT: He says at 92 he's allowed to repeat that. But no, thank you.

TREASURER KOPP: I could repeat it, but I just said it. But it's good to have you back. It's really always, always nice.

I have to jump in at this point, please, and mention a hand-carried item, Item 18, that is on the Secretary's Agenda, because it has to do with the bond sale that is imminent.

Because of the market and all of the terrible things that are going on in this world, at least in part because of that, I believe there is a flight to quality on the part of investors. And it has impacted the market such that the demand for Maryland refunding bonds has gone up extraordinarily in the last week to ten days. We discussed something like 400 million in the past. The item before you, Item 18, is to set a new ceiling on the amount of refunding bonds to be made available and to increase it to up to \$700 million for the sale this afternoon. If we do that the anticipation that the savings to the taxpayers will increase from about 35 million to close to 50. And this is realized of course over a short period of time, not immediately. But it is another attestation to the fact that the investors, people who are putting money into municipal bonds across the country, believe that Maryland is the place to go. So I would request approval of the Board to resize this issue of refunding, which is Second Series C Bonds of the Facilities Loan of 2014, up to \$700 million.

COMPTROLLER FRANCHOT: First of all, congratulations.

That's great news.

TREASURER KOPP: It's not me.

COMPTROLLER FRANCHOT: And I assume that we are not extending the time period for --

TREASURER KOPP: No, no, no. We never extend. This is not a, what did they call it? Scoop and toss, or something? This does not extend the period at all. It refunds the debt outstanding at a lower interest rate.

COMPTROLLER FRANCHOT: Excellent. Great work.

GOVERNOR O'MALLEY: So bottom line savings for us on debt service is about \$50 million --

TREASURER KOPP: Well, we'll see. We'll announce it in a little while --

GOVERNOR O'MALLEY: Okay.

TREASURER KOPP: -- it's good.

GOVERNOR O'MALLEY: The Comptroller moves approval, seconded by the Governor. 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 was good.

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(Whereupon, at 10:25 a.m., the item was approved.)

TREASURER KOPP: Okay, thank you. I'm looking for approval from -- are you saying something?

SECRETARY MCDONALD: I'm sorry. I just wanted the court reporter to note what time it was when the motion was carried so we would know for the sale --

TREASURER KOPP: All right. Well, thank you.

SECRETARY MCDONALD: It was done five minutes ahead of time, so it's all good.

TREASURER KOPP: So as you know, we are going ahead with a multiseried sale. The Acting Director of Debt Management for the State, who is the Chief Deputy Treasurer of the State, will come in in about half an hour in preparation for the Series B, which is the big competitive sale at 11:00. And then show us how that sale goes, and then come back in about 15 minutes later to show the bids for B and C, which we have just spoken of, after our financial advisors review them to make sure that it is all proper. And that is the point at which we will know the exact savings to the State.

GOVERNOR O'MALLEY: Got you.

TREASURER KOPP: But thank you for letting me. And I would only, just to go back for a moment, add my voice to the Comptroller's regarding the events of the last week, the ongoing events. It is a very harsh world we live

in. As someone who just came back from Israel like two weeks ago, or three weeks ago, the reality of life in that part of the world is very, very tough. There are grievances going back thousands of years. There is an embattled country surrounded by enemies, but the enemies also house people who have immense grievances. And we're in the middle of a war over there. And people call on the outsiders to do something, but it's not always clear to me what the outsiders really can successfully do. Except to offer our prayers for peace, for understanding. They have come close before and we certainly hope can come close again.

GOVERNOR O'MALLEY: Okay. Peggy Watson, you have an announcement to make, don't you? Don't we have a new wetlands administrator? Okay, Sheila? Ms. McDonald? Do you want to announce --

SECRETARY MCDONALD: Good morning. Yes --

GOVERNOR O'MALLEY: Let me also note before you start that --

SECRETARY MCDONALD: Mm-hmm?

GOVERNOR O'MALLEY: -- that we congratulate Mayor Stephanie Rawlings-Blake and the City Council of Baltimore --

TREASURER KOPP: Yes.

GOVERNOR O'MALLEY: -- on their upgrade. It's the first upgrade to Baltimore City's bond rating since 2007. They were just waiting for us to get out the door --

(Laughter.)

GOVERNOR O'MALLEY: But I also, as I congratulate the City, it's really great news. Because when the City becomes stronger that makes the State stronger as well. Peggy Watson was our Finance Director for all, I think all six, right? It's all seven. Six of the seven years that I served there. Peggy was instrumental in those years in really turning things around, building up a rainy day fund. Which we wiped out once, but for good purpose, and then got back to it. And so Peggy, I hope you take some satisfaction --

MS. WATSON: Oh, I do.

GOVERNOR O'MALLEY: -- in the Mayor and the City Council's accomplishment today. Because you carried that ball for quite a few yards of that accomplishment. So Ms. McDonald, tell us, a new wetlands administrator?

SECRETARY MCDONALD: Thank you, Governor. Yes, we are very excited at the Board of Public Works office to have placed a new person in the wetlands administrator position. The position has been vacant for nine months since the retirement last year of the wetlands administrator. And while we have been carrying on the affairs of the Board of Public Works vis a vis wetlands pretty well I am very excited that you now have an expert in wetlands science.

Mr. Bill Morgante comes here with 16 years of experience with wetlands. He is actually a certified wetlands scientist. He belongs to the

Association of Wetlands Scientists as well. He has lived in the State of Maryland for 16 years and he has looked for a way to become a public servant, and he is I believe excited to be here. So Mr. Morgante is here. And will be stepping into the shoes of the wetlands administrator right now. He is working. Back to our Agenda, we have --

(Applause.)

SECRETARY MCDONALD: -- our Agenda back to Mr. Morgante, though, because on our Agenda today we have 18 items and four reports of emergencies. You have already approved Item 18. We are holding two items, we are holding Item 15 until the Acting Director of Debt, Chief Deputy Treasurer Ms. Bernadette Benik comes in on the bond sale, Item 15. We are also holding Item 1, which does relate back to wetlands. The Governor explained this afternoon we will be moving over -- five, sorry. Thank you, yes. Item 5. Item 5 is Dominion Cove Point wetlands license. That entire meeting will be in the, up at the State House at 1:00 so we will be holding that until the break is over, Item 5.

As that wetlands item, obviously I just want to let you know that the wetlands administrator started about a week ago. So we have been preparing this Dominion Cove Point case for you for months. It has been at the Department of the Environment much longer than that. And so Mr. Morgante has familiarized

himself with this issue but you will have other experts who have been working on it the whole time who will be there today.

So anyway, back to our items. Other than Items 5 and 15, we are ready to go on any other questions you may have.

TREASURER KOPP: Can I jump in just for a second to go back to a prior conversation regarding Baltimore City? By the way, before we meet again here the Council of State Governments Eastern Region will be having an annual meeting in Baltimore City, followed I think the next week or two by the National Association of Security Professionals meeting in Baltimore City. Next year the Government Accounting Standard Board meeting in Baltimore City, and I think maybe NCSL as well, Peggy. A lot of work has gone into building the City as a real Mecca and happening. And I just congratulate the Governor, the former Mayor, the present Mayor. The present Mayor's father would be very proud. And with that go back to you.

MS. WATSON: No, and the former Planning Director.

GOVERNOR O'MALLEY: Okay. So what do we want to do now? Do we have other bond things? It's 10:30, no?

TREASURER KOPP: No, I think not --

GOVERNOR O'MALLEY: We are done with that?

SECRETARY MCDONALD: -- I think you can approve my

Agenda --

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TREASURER KOPP: Almost 11:00, yes.

SECRETARY MCDONALD: -- and we will come back in about 15 minutes. So you can get another one --

TREASURER KOPP: We can do this one.

GOVERNOR O'MALLEY: Okay. So the balance, is there anything else, the wetlands, this is on your Agenda, correct?

SECRETARY MCDONALD: We're holding Items 5 and 15. And everything else seems to be in order. If you have questions --

GOVERNOR O'MALLEY: Anything else, sans Items 5 and 15?

SECRETARY MCDONALD: Fifteen.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on now to Department of Natural Resources Real Property.

SECRETARY MCDONALD: Ms. Emily Wilson is here from the Natural Resources Department.

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

SECRETARY MCDONALD: If you are on the Secretary's Agenda, please leave quietly.

GOVERNOR O'MALLEY: But happily.

SECRETARY MCDONALD: Yes, you were approved.

GOVERNOR O'MALLEY: And gratefully, making joyous noises in the hallway.

TREASURER KOPP: At the other end.

GOVERNOR O'MALLEY: Wait till you get past the Schaefer picture for the joyous noise.

MS. WILSON: Okay. Good morning. Emily Wilson with the Maryland Department of Natural Resources. We have 11 items on our Agenda today. I would be happy to try to answer any questions.

GOVERNOR O'MALLEY: Any questions? What is the best one, in your view? Greatest hit?

MS. WILSON: I am partial to Item 8A.

GOVERNOR O'MALLEY: 8A?

MS. WILSON: Which is a Community Parks and Playgrounds Grant to the Town of Princess Anne. It's a parcel that is actually being donated to the Town. And it is in one of the most economically distressed parts of Somerset

County. So this is a great service to the community where they are going to recreate a nice park for this area. It's going to be along the Town's sustainable communities bike and pedestrian planning area.

GOVERNOR O'MALLEY: Have they started on it yet?

MS. WILSON: No. They are waiting for this grant to start.

GOVERNOR O'MALLEY: Okay. That gives me an excuse to go to Princess Anne, doesn't it? On the Manokin River. That's still on my list. Okay. Alright. The Treasurer moves approval, signaled 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.

MS. WILSON: Thank you.

GOVERNOR O'MALLEY: Tell me about that one on the Charles County, Item 9? The --

MS. WILSON: Sure. The Kerr acquisition?

GOVERNOR O'MALLEY: Yes, the Kerr acquisition.

MS. WILSON: It's very ecologically significant, having scored a 111. 285 acres in a fantastic part of the State in which to acquire property because of its ecological significance. It is going to be managed as part of our

existing Nanjemoy Natural Resources Management Area, and it also is an area where we know there is an endangered Rainbow Snake.

GOVERNOR O'MALLEY: Rainbow Snake?

MS. WILSON: Mm-hmm.

GOVERNOR O'MALLEY: I was going to ask if it's navigable. I think I'll pass.

(Laughter.)

TREASURER KOPP: What sort of snake is the endangered Rainbow Snake?

MS. WILSON: That I'm not entirely sure. I'm not a herpetologist by trade. But I can certainly follow up with you.

GOVERNOR O'MALLEY: A herpetologist. That would be a studier of snakes, I know. Okay. All righty. Great. Cool stuff.

TREASURER KOPP: Emily, I have, in all of these, we are buying land in great places with deciduous forest, etcetera. And my question always is how far in the deep future are we looking? And it's not so deep. When the deciduous plantings, we may get more deciduous forest, less evergreens, because of global warming and the influx of different types of species of bugs and animals, etcetera. Do you all look at that in making your recommendations on purchase and investment?

MS. WILSON: Well actually we, when we look at potential acquisitions we have what is known as a stewardship process. So it is an interdisciplinary review of all of the acquisitions, where we run these by experts within DNR and also our sister agencies like Maryland Historical Trust.

TREASURER KOPP: Like Zoe?

MS. WILSON: I'm sorry?

TREASURER KOPP: Like Zoe? Does she look at these?

MS. WILSON: Absolutely, yes. And in addition to our forestry unit. So they are, you know, taking a look at all these acquisitions before we acquire and making recommendations on whether or not we should acquire. And then once we do if the recommendation is to move forward with the acquisition there is also recommendations on how to manage that property into the future. So a lot of the properties --

TREASURER KOPP: So it is part of a growing plan of adaptation and mitigation?

MS. WILSON: Absolutely. In addition to, you know, the whole, the basis of the targeted ecological areas across the State.

TREASURER KOPP: A model.

MS. WILSON: Yes. Yes, indeed.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Thank you.

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COMPTROLLER FRANCHOT: Governor?

GOVERNOR O'MALLEY: Yes, Mr. Comptroller?

COMPTROLLER FRANCHOT: I just want to praise the agency.

You do a great job with this Program Open Space, frankly with the, obviously the great support of the Governor and the Legislature. I mentioned I was in Boonsboro and Funkstown. It was, the day before I was in Woodsboro in Frederick. Those three communities have, if they have a thousand residents I would be surprised, each of them. But their proudest asset is their park that each of them has that would not have been possible for them to acquire without Program Open Space.

MS. WILSON: Right. Right.

COMPTROLLER FRANCHOT: And it is the center of each of those areas and used by people not just in the town but in the general region.

MS. WILSON: Right.

COMPTROLLER FRANCHOT: So keep up the good work.

MS. WILSON: We really appreciate your comments, thank you. And it's very satisfying to, you know, work with the administration and the local communities to be able to provide those amenities which are in high demand.

GOVERNOR O'MALLEY: We probably don't celebrate those enough. You know, the line between those of us who have the privilege to be able to serve the public, we just don't do a very good job of drawing the job

between the new school and the effort we are able to put forward as citizens together of Maryland, or between these Open Space and the park plans. And in other words I think that people don't, it's always hardest to see, easiest to see what your municipal government does and doesn't do --

MS. WILSON: Right.

GOVERNOR O'MALLEY: -- and really hard to identify what it is that your State government does and doesn't do. Especially if you are taking your child to a new county school --

MS. WILSON: Right.

GOVERNOR O'MALLEY: -- or a new town park.

MS. WILSON: Yes.

GOVERNOR O'MALLEY: I mean, nobody taking their kids to these parks is saying, "By God, I'm going to the Open Space funded State Park."

(Laughter.)

MS. WILSON: Right. Right. That is --

COMPTROLLER FRANCHOT: But I'll tell you, Woodsboro raised their property tax by four cents in two different years to help maintain the park. And they had not raised taxes since 1944. And I said, "Gee, don't your constituents get upset with that tax increase?" They said, "They would cut our heads off if we couldn't, if we didn't take care of this park."

MS. WILSON: Yes.

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GOVERNOR O'MALLEY: Huh.

COMPTROLLER FRANCHOT: Because this park is the gathering place for all of the events in that town, in addition to having the play, the key for me is that you are able to let them buy playground equipment and put in recreational amenities, which is just a perfect match. So yes, no, their response was no. They would run us out of office if we didn't take care of this Program Open Space. But it's a good point, a lot of people take it for granted in other parts of the State.

GOVERNOR O'MALLEY: Okay.

TREASURER KOPP: You know, I just got back from a meeting of government accounting standards folks. And it's really, really frustrating, and I'm not sure I should be at these meetings because it's not my orientation, but they will put this down as an expenditure of however much it is and they will put down zero receipt exchange, or they would have us do this. Because we're not getting dollars back. There has got to be a way for a county to take into consideration the true economic and social benefit of an expenditure and not simply rely on a widget that is worth \$45. I don't know how you do it. But it's, that is one of the problems with getting through to the people, that GDP or a lot of our standards, and a lot of our accounting standards, don't measure everything that ought to be measured. And that particularly those things that have a long term benefits. That's just an editorial from a frustrated individual.

GOVERNOR O'MALLEY: Yes, GDP is too narrow a measure.

TREASURER KOPP: It is.

GOVERNOR O'MALLEY: It's a good measure, too narrow though.

TREASURER KOPP: It measures well a certain portion of the whole.

GOVERNOR O'MALLEY: Right.

TREASURER KOPP: It doesn't measure everything, and it is taken to measure everything.

GOVERNOR O'MALLEY: It's like trying to determine a person's health by one indicator.

MS. WILSON: Right. It's a, people don't necessarily understand. It's a little intangible to relay sort of the personal and the health benefits of --

TREASURER KOPP: And yet as the Speaker, as the, excuse me, as the Comptroller pointed out, the people understand and they want it, and they want it. I was actually looking at Susanne when I said Speaker.

(Laughter.)

TREASURER KOPP: No, but I mean the people, common sense will tell you that there is this benefit and exchange. The question is how you account for it.

GOVERNOR O'MALLEY: The, if you want to learn more about this go on Maryland's Genuine Progress Indicator, which is online. Where we do take stock of things like cleaner water, cleaner air, more park space rather than less, and all of these things that contribute to our legacy wealth as a State and a place. Cath, I'll take that. Thank you. Thanks, Jeff.

COMPTROLLER FRANCHOT: And if you see Speaker Busch today, tell him I'm happy being Comptroller.

(Laughter.)

GOVERNOR O'MALLEY: All right. Before we move on to -- we don't have a Department of Budget and Management Agenda, which is good. Thanks a lot.

MS. WILSON: Okay.

GOVERNOR O'MALLEY: Did we approve this --

MS. WILSON: Not yet. Oh, no, no.

GOVERNOR O'MALLEY: -- I think we did. No, I think we did and then we started asking you about it.

TREASURER KOPP: Yes.

MS. WILSON: Okay --

GOVERNOR O'MALLEY: But we liked it so much we'll do it again.

MS. WILSON: Sorry. Thank you.

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GOVERNOR O'MALLEY: Okay. Yes, we approved it. Okay.

MS. WILSON: Thanks.

GOVERNOR O'MALLEY: I have, with your permission, I don't want to side stage you or anything. But I have a coin here, and this is what I usually give to our men and women when they come back from Iraq and Afghanistan, and it's a Governor's Coin. And so for Mr. Franchot.

(Applause.)

GOVERNOR O'MALLEY: You're going to collect the whole set.

(Laughter.)

MR. FRANCHOT: Thank you, Governor.

GOVERNOR O'MALLEY: Thank you. That has the Star-Spangled Banner on one side, and the State Seal on the other. Okay. University System of Maryland?

SECRETARY MCDONALD: Mr. Joe Evans is here. I do think the bond sale is probably going to come in in one minute but he can start. And perhaps since they just did the Birdsnap App you can ask him if he can do a Snakesnap App --

MR. EVANS: What was that?

GOVERNOR O'MALLEY: No, don't be confused. Just tell us what you have on your Agenda.

(Laughter.)

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MR. EVANS: Joe Evans, representing the University System of Maryland. We have 14 items on the Agenda today. We're here to answer any questions.

GOVERNOR O'MALLEY: An a quick question from the Comptroller?

COMPTROLLER FRANCHOT: Item 14?

MR. EVANS: I'd call up Jeff Sutton from Towson.

MR. SUTTON: Good morning. Jeff Sutton from Towson University.

COMPTROLLER FRANCHOT: Terrific. So I see you are paying \$1.9 million to Motorola, is that it?

MR. SUTTON: Yes. Yes, Mr. Comptroller.

COMPTROLLER FRANCHOT: And what exactly is that spent on?

MR. SUTTON: The University has an aging 900 megahertz radio system that we use for the police on campus. We are replacing that radio system and we are taking this opportunity to interface with the State system and upgrade to a 700 megahertz police radio system.

COMPTROLLER FRANCHOT: Okay. You are buying new radios?

MR. SUTTON: We are buying new radios as part of this, yes, sir.

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COMPTROLLER FRANCHOT: Okay. And did you, was this bid as far as other companies other than Motorola?

MR. SUTTON: Actually we are using the State contract with Motorola so that we can take advantage of the State pricing that was achieved with that contract.

COMPTROLLER FRANCHOT: Okay. That's fine. I don't have a problem with Towson. But if anyone from IT is here I would like to get some perspective on exactly what our local jurisdictions and University System members and others are --

MR. SUTTON: Mr. Ray Lehr is here, I think.

COMPTROLLER FRANCHOT: Great. I don't need it right now. But I would like to get a --

GOVERNOR O'MALLEY: And we sent you a letter on your Takoma Park thing.

COMPTROLLER FRANCHOT: Oh, terrific. Good. But my concern is that everybody just falls in --

GOVERNOR O'MALLEY: He's the man. Go ahead and ask him.

COMPTROLLER FRANCHOT: Oh good --

GOVERNOR O'MALLEY: Because we just did an event by the way on the Eastern Shore where we lit up the entire Eastern Shore were able to

communicate on one talk group, clear as a bell, from MEMA Headquarters, to the Upper Shore, to the middle, down to Ocean City. And Chief Lehr has been guiding this project. This is one of those really complex IT projects that has worked so very, very well that you will never, ever read about it in the newspaper. If it had failed at launch you would never stop reading about it in the newspaper. But this one has gone methodically. It has gone well. By the end of 2015 we will have statewide interoperability. And right now we cover 55 percent of our State and 70 percent of the State's critical infrastructure, and Chief Lehr has been heading this effort for many years. So the Comptroller is interesting in how we are making this truly participatory and collaborative so the smaller towns, which could never afford on the old way we did things, how they can become part of this common platform of communication. Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. And kudos to you, Governor, on the overall platform construction which I have voted for sometimes with some questions raised. But my question now is for everyone to participate in the platform, are they all going to be contractual relationships all across the State with Motorola? And I understand the response that there is a piggyback effect on the State contract. But this is a fast changing environment. So where are we as far as utilizing the platform and saving the taxpayers as much money as possible overall? Because looks like the first of many, if that makes any sense to you.

MR. LEHR: It does. So again for the record, I am Ray Lehr. I am the State Interoperability Director. And as the Governor has stated, my office oversees the installation of the Statewide Interoperability Radio System and the 700 megahertz that's known as Maryland First.

So to answer the Towson issue it made sense for Towson because they were actually adding a site to campus which would give them in building penetration so that their officers on a daily basis, particularly in the Towson Center which is an auditorium that has no windows, solid concrete. The State does not require coverage there because typically State workers do not enter that area. But certainly the officers on campus are in there daily. So by adding another piece of equipment on campus it enhances their coverage so they can use it not only on campus but by piggybacking on the State system they can roam outside of the campus. If they chase a suspect in Baltimore County, Anne Arundel County, in the City they will still have connectivity through the State system.

So your question, Mr. Comptroller, about other vendor participation, we actually have an example of that in St. Mary's County. St. Mary's decided to upgrade their system. And the key is it has to be what is called Project 25 compatible. That is a standard that was set up by the industry, the public safety community, and the vendor community so that a Motorola radio will talk to a Harris radio, or a Johnson radio, or a M/A-Com, whoever the other

vendor is. So St. Mary's contracted with Harris to upgrade their system. They had a Harris system and it's P25 Phase 2. So they operate Harris radios within the county and they are able to roam outside the county onto the Maryland First system which is Motorola infrastructure, and vice versa. The barrack that we have in St. Mary's County, we gave them Motorola radios which operate on the Harris system. So it is truly interoperable.

COMPTROLLER FRANCHOT: Excellent. I'm glad to hear that. It's just do you have any idea of what the ballpark universe is as far as everybody out there joining the State platform?

MR. LEHR: So we are trying not to do a hard sell on it. But what happens is with any technology it has a certain life expectancy, and it usually turns out to be shorter than whatever they advertise it to be. So what we have offered is that we actually have a cache of radios. So for example if Cecil County wants to try it out, once we deploy the infrastructure, we loan them radios, they can try it every place that their officers, police and fire, would normally operate. And if they like it then they can basically decide they want to transition onto the State system.

COMPTROLLER FRANCHOT: Excellent. Well, keep up the good work. And Governor, kudos to you on the system.

GOVERNOR O'MALLEY: Thank you. Hey, thanks a lot.

MR. LEHR: Thank you.

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GOVERNOR O'MALLEY: Okay. Any questions on University of Maryland, University System of Maryland? How is our Frederick Douglass thing going?

MR. STIRLING: We're still working on it.

MR. EVANS: We're still working on it.

GOVERNOR O'MALLEY: Still working on it?

MR. EVANS: I consulted with Mr. Stirling before I came up.

GOVERNOR O'MALLEY: Are you stuck? Or do you need help? Or are you okay? You'll let us know?

MR. STIRLING: I'll talk to the development office this week.

GOVERNOR O'MALLEY: Good. Don't forget that statue that has already been made. You might get like two for the price of one sort of thing if you double up with the Irish.

MR. EVANS: I told him you were going to ask that question.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

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

MR. URBAN: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have five items on the Agenda today. I'm Greg Urban with the Department of IT. We are withdrawing Item 2. And before we go, I just want to point out one more thing on the previous conservation for the Comptroller's benefit. The State has two contracts through which we purchase two-way radios. There is one contract that is called the two-way radio contract where organizations can purchase from a variety of different vendors. So if they choose to use a State contract they can do it, they can get multiple vendors, not just Motorolas. And in that case they used the contract we have with Motorola, which got greatly reduced pricing in that very specific contract so that is the avenue they chose. But there are options. And I know you are always looking at cost savings and competition and it is an option that people have available to them.

COMPTROLLER FRANCHOT: And if --

MR. URBAN: I hate to bring up something that went through already, but --

COMPTROLLER FRANCHOT: No, that's a great response. But I take it Towson didn't, they just took as, without asking the other vendors, they took the price on the State --

MR. URBAN: They used that Motorola State contract as opposed to the two-way radio contract.

COMPTROLLER FRANCHOT: I suggest that these folks explore at least what else is available --

MR. URBAN: Understood.

COMPTROLLER FRANCHOT: -- if Harris and M/A-Com and these other companies are eligible. Good. Thank you.

MR. URBAN: You're welcome.

COMPTROLLER FRANCHOT: And --

MR. URBAN: So just to reiterate we are withdrawing Item 2 on the Agenda.

GOVERNOR O'MALLEY: Any questions on the DoIT 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. We move on now to --

MR. URBAN: Thank you.

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

MR. PARRAN: Good morning, members of the Board. For the record, I'm Wilson Parran, Deputy Secretary, representing MDOT today, and we

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have 19 items on the Agenda. And I'm prepared to answer any questions you may have.

GOVERNOR O'MALLEY: Okay. Any questions, Department of Transportation? Mr. Comptroller?

COMPTROLLER FRANCHOT: Just Deputy Secretary, we're going to, on Item Number 1, which is the extension of an SHA contract, after the contract is expired --

MR. PARRAN: Yes.

COMPTROLLER FRANCHOT: -- this is not specific to you but I'm going to refer this to the Procurement Council as a generic issue of what should agencies do when they are in this situation. Should they simply extend the current contract, or should they put a sole source contract before us? Because there seems to be a lack of uniformity as to how agencies deal with the situation you are in.

MR. PARRAN: Yes.

COMPTROLLER FRANCHOT: And someone should clarify it, I guess.

MR. PARRAN: I agree. And in this case, it is sort of unique. This is where a modification was needed. The modification was done by the contractor. And before, we did not have a properly executed modification request come before the Board of Public Works and the existing contract actually expired

before that took place. So the vendor having done the work in good faith we are trying to figure out a way to pay the vendor, and the State will not clearly allow you to pay a vendor if the contract has expired. So in its truest sense it is an example of a sole source because this is a case where the work was done and we had to figure out a way to pay the vendor. And you are absolutely correct, we need to clarify how we are going to do those things going forward. If you want any other details I have State Highway people here.

COMPTROLLER FRANCHOT: No, I just want consistency.

MR. PARRAN: Yes.

COMPTROLLER FRANCHOT: So we'll, if the Board doesn't object I'm happy to approve this. But if we could send it and ask the Procurement Council --

TREASURER KOPP: I actually have something I would like to say about that, but on the other hand I see my --

GOVERNOR O'MALLEY: Yes, we can suspend for a second here. We'll come back to this.

TREASURER KOPP: -- I don't have an objection to your proposal. Do you folks having something? Are you doing something, or should we continue our conversation?

MS. BENIK: You can keep going.

TREASURER KOPP: All righty. My point is we have talked often before about procurement academy or training in procurement. This item that Peter, that the Comptroller saw drew my attention, and also the items dealing with emergencies that were emergencies because equipment got old. Now at some time, that didn't have to be an emergency. It should have been something else. I just think there is a lack of clarity, at least from my perspective, as to when you use the different types of procurement, when it is most appropriate. Not that there is anything wrong with the projects themselves. I mean, you want elevators that work. You want all these things. But whether it is sole source or emergency or anything other than the straight RFP, or modifications, I think that we need a run through about when you use what. And if necessary a change is the process. Don't you?

SECRETARY MCDONALD: Yes. Madam Treasurer, Mr. Comptroller, Mr. Governor, we are, the Procurement Advisory Council is meeting in a month and we will make this a top topic on the Agenda. In addition for our Agenda it is very interesting to talk about, the Procurement Advisor is working on a training institute. She is working with Ms. Peggy Watson, and our top level --

TREASURER KOPP: I mean, we wanted to make humongous changes. But barring that, at least a common understanding, as the Comptroller said, of when you use what.

SECRETARY MCDONALD: Right. We were fortunate enough because of the Governor's Office and our budget issues, we have a couple of initiatives in procurement that we haven't been able to take up so far. But now we have it and we are working on training and we are working on the manual. And we hope that we have some big, concrete developments to give you in a few months on that. But we will absolutely address this issue the Comptroller raised at the next Procurement Advisory Council meeting.

TREASURER KOPP: Sure.

COMPTROLLER FRANCHOT: Can you keep Mr. Klasmeier in the loop also --

SECRETARY MCDONALD: Oh, absolutely. Yes.

COMPTROLLER FRANCHOT: -- because he also does procurement.

SECRETARY MCDONALD: Always, yes.

TREASURER KOPP: Thank you. So the rating agencies calls were on the 17th and 18th, and as you all know Maryland once again received a AAA rating from all three rating agencies in preparation for this exact moment when we will be issuing, we did issue retail bonds Friday and Monday. That was Series A. We now are looking at Series B. The competitive offering of \$450 almost million. As you know more than 60 percent traditionally go to schools and

educational buildings, and the others to the major State facilities. So we will see in 46 seconds how much they love us.

MS. BENIK: We have five bidders signed up, which are J.P. Morgan, Barclays, Bank of America Merrill Lynch, Morgan Stanley, and Citi Global Markets.

TREASURER KOPP: You all I think know the Chief Deputy Treasurer, who runs this job actually. We had a Director of Debt Management until a month ago when Amber moved back to Ohio. So Bernadette now truly runs everything on that part of the building. And with the assistance of staff.

MS. BENIK: We were estimating that the bid would come in at 2.75, so it looks like we beat our number. So we will go back and verify and be back shortly with the results of all three sales.

GOVERNOR O'MALLEY: Wow. So fiscal responsibility pays.

MS. BENIK: It does.

GOVERNOR O'MALLEY: That's great. I didn't know exactly what all that meant, but when I saw how broadly you were smiling I knew it was good.

(Laughter.)

MS. BENIK: Did you hear us cheering down the hall for the refunding?

(Laughter.)

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GOVERNOR O'MALLEY: That's great --

TREASURER KOPP: Well you're going to come back with everything?

MS. BENIK: Yes, we will.

GOVERNOR O'MALLEY: So Ms. Watson, we might have just kind of closed our little gap here, thanks to the Treasurer.

TREASURER KOPP: I'm really sorry the Secretary of Budget is not sitting here instead of being in Nebraska, is she? But she can tell all her colleagues at NASBO.

GOVERNOR O'MALLEY: Okay.

COMPTROLLER FRANCHOT: Well I'm happy to move the -- no, did you have something else to say?

GOVERNOR O'MALLEY: More questions on this? No?

TREASURER KOPP: No. They will come back --

GOVERNOR O'MALLEY: Item 15 will come back and you will vote on it when it comes back, so now you can revert back to your --

TREASURER KOPP: They are going through now with our financial advisors, making sure all the numbers are right and fit together. And then will be back to us with the proposal in just a few minutes.

COMPTROLLER FRANCHOT: Well I'm happy to move MDOT's calendar --

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GOVERNOR O'MALLEY: All right.

COMPTROLLER FRANCHOT: -- with the proviso that the Procurement Advisory Council look at the comments of the Treasurer and myself, and the Governor --

GOVERNOR O'MALLEY: Okay.

COMPTROLLER FRANCHOT: Thank you.

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: Yes, sir. Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, Al Collins, Secretary of the Department of General Services. Today we have 26 items on our Agenda. We would be glad to answer any questions on these items.

Governor, if I might I have in the room what we call BPW CGL Capital Grant Loans first-timers. These are people who traveled from across the State to represent these particular items. They have three organizations that if I could just acknowledge them, just on the record.

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Item 17-CGL, Hyattsville Development Corporation, we have Mr. Stuart Eisenberg in the room. Is he back there?

And Item 25-CGL, National Labor College item, our attorney Jim Gentile, is representing that group.

And Item 27-CGL, Josh Hastings, that is the Eastern Shore Conservation Center, representing that item today.

And one other item, Governor, if I had a Medallion, DGS had a Medallion, I would be very pleased to present it to the Treasurer. Last week we had the First Annual Green Procurement Conference. She was one of the key speakers and did an outstanding job with statewide staff, statewide organizations. These are the people that represent the next steps. We are on the leading edge of doing green procurement, per your direction.

GOVERNOR O'MALLEY: Let me give the Comptroller a coin, who shook my hand, this is how it works.

TREASURER KOPP: That's him.

GOVERNOR O'MALLEY: I mean, the Treasurer.

MR. COLLINS: Thank you so much, Governor.

GOVERNOR O'MALLEY: The Treasurer is what I meant, there you go. That's from Al Collins.

TREASURER KOPP: If I had one I would give it to everybody. Neither you nor I --

GOVERNOR O'MALLEY: Mr. Franchot, I don't mean to cheapen your gift --

(Laughter.)

MR. COLLINS: But Governor, I just have to say we could not have a more passionate advocate for the greening of Maryland and the green products and all the great stuff that you --

GOVERNOR O'MALLEY: And the Treasurer.

MR. COLLINS: -- to do. Madam Treasurer, thank you again for an outstanding --

TREASURER KOPP: Thank you. It was a pleasure. And it was a pleasure meeting all of the folks, both from industry and from the State, who really do have a deep understanding and commitment to keeping the planet as healthy as possible through procurement, through retrofits, and any number of ways. I thank you for sponsoring it.

Governor, it was the First Annual Green Procurement Conference. And as I said, I just love the first annual anything because it's so optimistic.

MR. COLLINS: We hope to keep them going, absolutely.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Thank you. Okay.

SECRETARY MCDONALD: Governor, Delegate McDonough's legislative assistant Sue Payne is here and she had asked to be heard on Item 25-

CGL. Ms. Payne, do you want to be heard? The Board will, is it okay for Delegate McDonough--

GOVERNOR O'MALLEY: Okay. Anybody have any questions on anything else on the Agenda?

COMPTROLLER FRANCHOT: I do. No, but I do have some stuff --

SECRETARY MCDONALD: On this 25? Well maybe you want to talk to Secretary Collins first, and then after you have had your questions then she can come up.

MR. COLLINS: Yes, sir. Item 25 is representing the National Labor College who is putting it before the Board today. A sort of distressed item sale, they want to sell this property to another organization. And the deal needs to be done for their office by the end of July. So Jim Gentile, the attorney representing the organization, is in the room, along with the President of the organization so if you have specific questions.

COMPTROLLER FRANCHOT: Excellent. If Mr. Gentile --

MR. COLLINS: Yes.

COMPTROLLER FRANCHOT: -- can come forward? A very prominent family in Montgomery County and I'm delighted that he is here. I know him well. And also his brother and the rest of the family. And Madam President, it is good to have you here. This obviously is a project that is near and

dear to my heart because years ago I was part of a group of people, but I particularly champion the State assistance. So I just had a couple of questions. Because I understand you are selling the property to, is it the Amalgamated Transit Union, for \$31.4 million?

MR. GENTILE: That is correct.

COMPTROLLER FRANCHOT: Okay. So as part of the agreement apparently we are going to be asked to forgive the \$2.75 million that the State has awarded to the National Labor College in both general funds and general obligation bond proceeds dating back to 1999. This in turn will allow you to use the full proceeds from this sale to satisfy your outstanding obligations with Bank of America, which I take it holds the first lien on the property?

MR. GENTILE: That is correct.

COMPTROLLER FRANCHOT: Okay. So my first question, if you could just stay there, my first question is for Ms. McDonald. Madam Secretary, does the Board have a history of forgiving repayment obligations in cases like this? If you could just assure me that we're not breaking new ground here?

SECRETARY MCDONALD: Yes. The Board has definitely done actions similar to this one in the past. All grant agreements with bond bill grantees require the bond bill grantee to come back if they want to transfer the bond funded property. And also the Board can ask for the entire grant to be paid

back before they transfer it, or they can waive part or all of it. And in the past few years, yes. I mean, over time this has definitely happened. And I can point out in the past couple of years that the Board has forgiven University of Maryland Medical System. They needed to sell the Deaton Specialty Hospital entered into bond funds on for a critical new nursing home. And all these, the two or three that I was able to find for the last few years is basically because the bank had a first mortgage that was going to eat up all the sales proceeds.

COMPTROLLER FRANCHOT: Okay.

SECRETARY MCDONALD: The nonprofit grantee then asked for permission so that they could sell the property and not pay off the second mortgage, basically.

COMPTROLLER FRANCHOT: Okay. And thank you for that, Madam Secretary. And I take it that when you say no net proceeds for National Labor College from the purchase that's going on, that your obligation to Bank of America is equal to or in excess of \$31.4 million?

MR. GENTILE: It's actually, it is, the net obligation to the bank, according to the most recent information, is actually \$31.075. But there are also broker's fees and other obligations that would go into the sale. The, once all of those are paid the net proceeds will actually be less than the amount that is owed to Bank of America. But they have agreed to accept the balance in payment in full of the obligation that the college has.

COMPTROLLER FRANCHOT: Okay. And then finally, given the State's contribution to the facility I would like to ask for the record what are the plans that the Amalgamated Transit Union has for this facility? Does it intend to use the entire space or lease portions of the facility to other tenants?

MR. GENTILE: Their current plans are that they are going to use, it is going to be their headquarters. They are moving their headquarters out of the District of Columbia to this location. And they are also going to use it as a training facility for their union staff. To some extent I think you know that the National Labor College in its previous existence was the George Meany Center for Labor Studies and existed originally as a training center for labor unions. So to some extent it will be used in the same manner as the original George Meany Center for Labor Studies, albeit with a somewhat smaller scope since it is just the Amalgamated Transit Union. Although there is the possibility, they have had some very general discussions about the possibility of broadening that to let other, making it a more general union training facility. They haven't formulated any more detailed plans than that as of this date. They are still trying to get their, all their ducks in a row. But that is their plan, is that they put for sale their headquarters location in D.C. and they are looking for something that they can use both as a headquarters and as a training facility.

COMPTROLLER FRANCHOT: Well I will always be very proud of the National Labor College. I'm sorry that it's going out of business --

DR. PEINOVICH: As are we.

COMPTROLLER FRANCHOT: -- obviously. Obviously also good business plans, which you had, sometimes become dated given the ups and downs in the economy. So I'm comfortable with approving the item but I'm disappointed, obviously, that a very useful institution is going through a transformation.

DR. PEINOVICH: The whole House of Labor is disappointed as well.

MR. GENTILE: Identify yourself.

DR. PEINOVICH: Oh, I'm sorry. I'm Paula Peinovich, the President of the Labor College. I just made the comment that the whole House of Labor is very disappointed in this turn of events. But we're glad to keep it in the labor family.

MR. GENTILE: And obviously we're, it's a sad day for the students and the alumni, and of course the employees of the college, almost all of whom have now been laid off. So it's a sad day all the way around. But what the trustees have been committed to is that it's unfortunate that an institution like this has to go out of business, but we want to do it in the right way and not leave a trail of bad feeling and bad obligations and discredit to the students and the graduates of the institution. So we're hoping we're doing this in the right way and we're doing the best we can to try to bring it to an honorable conclusion.

DR. PEINOVICH: And we do have, because of our concern for the students who are midway through their degree we do have a program with our regional accreditor, where we have students studying at several other institutions. And we will be able to continue to award degrees through December of 2015. So there will be another 200 students who will be able to transfer some courses back to us. So we are keeping our registry function active for the next 18 months, although it is a virtual function so we do not need our office space to do that.

MR. GENTILE: And that of course has also been approved by the Maryland Higher Education Commission.

TREASURER KOPP: I was going to say, the Maryland Higher Education Commission I know has been a partner since Peter, since we looked at this and as I recall there was an episode with Princeton Review, too --

DR. PEINOVICH: There was.

TREASURER KOPP: -- before it went down. I know there was some discussion with the University of Maryland about co-programming. I hope that this Board, whoever is on it over the future, can work with the ACU to continue the dream of the training, of the college. Of the Meany Center, first of all, which was when we first heard of it. And the programs for both training and retraining that are still needed, even when this building is --

DR. PEINOVICH: Yes. Well MHEC, the Higher Education Commission, was there from the beginning. They granted us the initial charter to continue, to become a college.

TREASURER KOPP: I know this is something which the Comptroller and his colleagues took great leadership. It wouldn't have happened without them. Great pride, and these things do happen but --

GOVERNOR O'MALLEY: Is it all classroom buildings, and are there dormitories? Or are there -- I've been there once.

MR. GENTILE: There is a conference center. There is some dormitories. There is some classroom space. There is also office space, of course. So there's ten buildings all together, including the President's cottage. But --

GOVERNOR O'MALLEY: What's the size of the dormitories?

MR. GENTILE: I think there's a total of 200 beds. I think all together, all three dorms, it's about 200 beds.

GOVERNOR O'MALLEY: Got you. Tell me this. The total sales price is?

MR. GENTILE: \$31.4 million.

GOVERNOR O'MALLEY: And why can't our \$2.7 million ride with that sale? Why can't ATE take that on and make that part of their shtick? I mean, why, if you are talking about \$31 million what's \$33 million?

MR. GENTILE: Well we haven't been able, \$31.4 million is the highest amount that we have gotten. We, the property, we have been trying to find a partner to sell it to for over two years, Governor. And we have never gotten an offer that high. I don't think that that would be sustainable for them. I can't speak for them, but I don't think that would be sustainable. This was the best offer we've got, we've been able to get over the past two years, is the \$31.4 million.

GOVERNOR O'MALLEY: Because it's not like that land is going to depreciate in value, given its proximity to an interchange in the heart of that population.

MR. GENTILE: We originally had hoped and thought that we would be able to sell the property for significantly more money.

GOVERNOR O'MALLEY: Mm-hmm.

MR. GENTILE: And unfortunately the experience after being on the market for over two years as far as, in a different world where we had the option of holding onto the property and waiting, you are probably correct. At some point it would be worth substantially more money. There are other complications about what the property can be used for. It is zoned for residential, single family use and we operate there by virtue of a special exception. There is, as I'm sure some of you may be aware of, there is the whole master plan for that area is being redone. That's under discussion and that has raised all the questions

about significant traffic issues. So I am certainly not an expert on the value of land but we certainly had hopes and expectations that the property would be worth a lot more when we put it on the market and that we wouldn't necessarily need to be having this conversation today at the end of the discussion.

And in fact, we hoped that it might be worth significantly more money so that not only could we honor our first lien and our obligations to the State of Maryland, but there would actually be some funds out of that which would help keep the college be able to continue its online programs, albeit in another location. Unfortunately the two-year experience of having this on the market hasn't borne that out. This is the best offer we have gotten. And the only reason we are able to even go forward on this offer is that the bank has been willing, A, to give us this much time and has been willing even to accept some modification of what we would owe them under normal circumstances.

GOVERNOR O'MALLEY: I just don't quite understand why it couldn't just ride. And, you know, you, we get it back down the road. The State is going to be here a lot longer than any of the three of us. And I don't see why it can't just be a, even if it's in a, I'm not saying that they have to be paying on it every month. But I don't see why it can't, why can't it ride and then we redeem it down the road. But I understand what you are saying, I think.

MR. GENTILE: In effect that, you would be putting an obligation on the property they would be buying. And of course, we would have to negotiate

that with ATU and that would effectively raise the total purchase price of the property as far as from their perspective. And that would be problematic. Because this is really the top dollar we have been able to get for the property.

GOVERNOR O'MALLEY: Mm-hmm. But it would only raise it from, I mean, not that much. Anyway. Okay. Let's hear from --

COMPTROLLER FRANCHOT: If I could --

GOVERNOR O'MALLEY: Mm-hmm?

COMPTROLLER FRANCHOT: -- I was just reminiscing. The Treasurer mentioned that I represent, represented your area for many years in the Legislature. I recall then Governor Glendening complaining to me once. He said, "If you bring back any more money to the National Labor College the whole place is going to sink." And we loved that place.

MR. GENTILE: Yes.

COMPTROLLER FRANCHOT: And I'm sorry that it has worked out in this direction. But hopefully the Treasurer's remarks can be brought to bear by ATU and there can be some similar use. So --

TREASURER KOPP: Yes. I --

MR. GENTILE: We certainly hope so. We are certainly optimistic. And we are certainly glad that it ended up, we had a number of different potential partners that we had been negotiating with. And we are

certainly, aside from the fact that it is the best offer financially, we are obviously I think all happy that it is an organization of the sort of similar mind and purpose.

DR. PEINOVICH: Yes. Our board of trustees, which is chaired by Rich Trumka, who is the President of the AFL, was very, very pleased not only that we could obtain an offer that would really satisfy the bank, but also that we do keep it in the House of Labor.

TREASURER KOPP: Is there any way of assuring that that is so? I mean, that they don't flip it?

MR. GENTILE: I mean, I do know that they put their headquarters up in D.C. for sale. So they are not, I mean, they need to have a headquarters. There is no condition in the contract or anything like that. I just, I don't see that happening. I know that the President of ATU is very committed to having this property. And for example, one of the things is as some of you know that on one of the things that the National Labor College has housed is the Workers Memorial, which is the memorial, national memorial which honors workers who had been killed on the job. We had originally thought that when we sold the property to some unknown third party that we would have to make arrangements to have that memorial moved somewhere else. But the ATU has agreed to accept that fact that we would keep the memorial there, and that it can be cared for as part of an agreement between them and the AFL-CIO. So I think

that there is a long term commitment on their part to maintain, to be on that property for some time to come.

DR. PEINOVICH: The other thing I might mention is that the college, besides its degree programs, we had a non-credit training program called the Union Skills Program, named after one of our faculty Bonnie Ladin. And actually we have moved that non-credit program to the AFL. And the AFL and ATU are already collaborating. And that program is going to come back and be housed on the campus with the same, with not only the same courses that we are currently offering but an expanded array of courses. And those courses are, will be of course of interest to members of the Amalgamated Transit Union, but also of broad interest. We offer them to all the unions across the board, AFL, non-AFL. So there is a number of indicators that would suggest that although we are not writing it in blood in the contract that it certainly is their intent to do that. Education is a really important part of the future of labor, which is one of the reasons it's so sad that the college could not survive.

COMPTROLLER FRANCHOT: And just for the record, I'm a recovering legislator. For the last eight years I've had a different job. And I appreciate what the Governor is saying about the House being tightly run. But unfortunately this is something that we just probably should move forward on.

GOVERNOR O'MALLEY: Okay. Somebody --

MR. COLLINS: Yes, sir.

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GOVERNOR O'MALLEY: Yes.

MS. PAYNE: Thank you very much, Governor.

SECRETARY MCDONALD: Ms. Payne, would you like to come up to speak? It would be better for the court reporter and the transcript if you were actually --

MS. PAYNE: Okay. I have a lot of data, and a bad knee.

SECRETARY MCDONALD: Oh, I'm sorry. We can bring the microphone over to her, and you can --

MS. PAYNE: I don't think I need that microphone, really.

GOVERNOR O'MALLEY: Except that they have got to record what you are saying.

SECRETARY MCDONALD: She's okay. She's okay, fine. No, it's okay. It's all right.

MS. PAYNE: It's okay?

SECRETARY MCDONALD: Yes, go ahead. Thank you.

MS. PAYNE: Thank you, Governor, Mr. Comptroller, and the Treasurer. Thank you for allowing Delegate McDonough's office to say a few words to the Board today. My name is Sue Payne. I work for Delegate Pat McDonough. And he is very concerned about this waiver that is asking to forgive \$2.75 million of tax money. And he has apologized, he said he could not be here today. And I just wanted to bring up a few points to you.

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It looks like, the sale itself is a little peculiar. The land has just been valued by the State and the county at \$46 million, and the sale is coming in at \$31 million. There were also numerous other sales to this property, including one by AME Church. Which I am being told, although we cannot actually physically get the records, was a significantly higher bid than this. But there were some members of the County Council that were very open about not wanting a church on that property. So if you look in the Washington Business Journal the AME Church will tell you that the deal did not fall apart, it was pulled apart by politics in Montgomery County.

What is interesting about this sale is that there was a funding scheme that the county put together where they issued variable rate bonds through Bank of America that the college could draw on, about the same amount of money as they are asking for the sale. And, so in essence what it looks like to the Delegate is that this college, which our search through the property records cannot find that it was ever transferred to some entity called the National Labor College. It is still, as it was in 1971, owned by the AFL-CIO. So what it looks like to the Delegate is that we have a situation where the bonds want to be paid off, the county wants to pay these bonds off on August 4th. So when it quickly hurried through this deal, which was just put together within the last 30 to 45 days. And then the college pays off its debts; the county gets, removes itself from its obligations with these variable rate bonds; and every other obligation is paid off,

including the labor contracts for building the buildings there. But the taxpayers are asked to hold \$2.75 million and just basically forgive it.

If you look at the contract for sale, page 13, Item 7.14, bankruptcy, it clearly states that the seller is not in any sort of receivership, has assets, is able to pay its creditors. So why should the taxpayers of the State, for the entire State, be asked to waive, or forgive, a lot of money, \$2.75 million? And the AFL-CIO has been pumping \$5 million a year into this college. So the AFL-CIO has the assets to come in and pay the State of Maryland back. If you look at their catalog for this past year, the address that they give you is the address of the AFL-CIO. The Amalgamated Transit Union has ties, or is part of the AFL-CIO conglomerate.

So what Delegate McDonough is concerned about is that we have a situation here where it is almost an inside contract to two parties affiliated with the same umbrella organization. And they get to get out of this debt. They get to sell this land, which is valued at \$15 million more than it is being sold for. And they instantly get \$15 million worth of equity and the taxpayers are left holding the bag. And I appreciate what you said, Governor. We don't find any reason why the \$2.75 million has to be forgiven. And we would request that the waiver be denied.

MR. GENTILE: Could I have the opportunity to correct a couple of --

GOVERNOR O'MALLEY: Sure, come on down.

MR. GENTILE: First of all with, this is Jim Gentile, the general counsel for the college. First of all, with respect to the ownership of the property, the property was a separately incorporated 501(c)(3) originally called the George Meany Center for Labor Studies. The name was legally changed to the National Labor College some years ago. That is the owner of the property. Although we do have ties to the AFL-CIO, we are an independent organization.

Secondly, I will tell you that it is true that the college has not gone into bankruptcy, and we have gone to great extent to try to avoid bankruptcy. And one of the reasons for that, and probably the most prominent reason for that, and we have tried to work on that, is because we are trying to maintain a situation per Dr. Peinovich's comments where the college can remain in an accredited state throughout the entire teach out period so that the students who complete our degree program and also our alumni can have the benefit of saying that they got a diploma from an accredited institution, which obviously is significant. Once we were to go into a state of bankruptcy, that could have a severe impact likely on whether we would be able to maintain our regional accreditation throughout the teach out period. Nonetheless, we have been working obviously with creditors to try to work because we don't have money to pay off everyone as completely as possible.

With respect specifically to the property, the county doesn't have any obligation. The county supports the bonds but they are secured by a letter of credit from Bank of America. The bond holders, the individual people who have bought the bonds, will be paid off on this. And the Bank of America will get some, but not all of the money, that is actually owed to them.

The alternative to going through with this sale -- before I go through the alternatives, let me say that as I mentioned there were several other potential partners we pursued, including one that was approximately a year ago where we had entered into a letter of intent with the Reid Temple Church which was going to buy the property in conjunction with the Housing Opportunity Commission of Montgomery County. They had made a joint bid to buy the property. Unfortunately, and I'm not going to speculate as to the reasons why, Housing Opportunity Commission chose before the sale to go through to withdraw their participation. And the Reid Temple unfortunately, and I have nothing but the greatest respect for the people at the Reid Temple as do all of us at the college because they are lovely people, could not come up with the same amount of money on its own. They subsequently did submit a second bid at a far lower figure. I don't have the figure in front of me but my recollection is it was somewhere in the neighborhood of \$27 million. So significantly lower than the bid from ATU.

We don't have a bid from anyone. We have gotten a bid from developers, development companies that want to divide the property. But the highest bid we had gotten was the \$31.4 million from ATU. And I can assure you that whatever the college's feelings about the purchaser, and we are happy and I think we have been quite frank that we are happy it's ATU, the Bank of America is concerned about trying to get as much of their money as possible and would not let us make any inside deal with someone that didn't allow us to recover as much money as possible for the bank.

GOVERNOR O'MALLEY: How much are they owed?

MR. GENTILE: Huh?

GOVERNOR O'MALLEY: How much is Bank of America owed?

MR. GENTILE: All together it is about \$31.07 million.

GOVERNOR O'MALLEY: So everybody gets whole except the State?

MR. GENTILE: Well all of the, I mean, it is an unfortunate situation. But the bank is not completely, will not be completely whole out of this. And of course there is a number of other people that the college owes money to that the college is in the process of trying to work out payments with.

The alternative to doing this is that the Bank of America, we have been in forbearance with Bank of America for over two years and our forbearance

agreement ends on August 31st. So at the end of that time if we haven't been able to complete this sale the bank has the right to foreclose on the property at that time.

GOVERNOR O'MALLEY: Which would wipe out our interest anyway?

MR. GENTILE: Yes.

GOVERNOR O'MALLEY: Is that true? The lawyers tell me that?

MR. GENTILE: That is my understanding.

GOVERNOR O'MALLEY: Can any lawyers for the State --

SECRETARY MCDONALD: I mean, Greg Bedward has been looking at this, your Board's general counsel.

MR. BEDWARD: Hi, Greg Bedward, General Counsel to the Board of Public Works. Governor, I don't think we can conclude today whether or not if the bank chose to foreclose it would completely wipe out the State's interests without having looked at any title, settlement papers, and who is going to get paid out of the sale of the property. So I think it would be premature at this point to conclude that the State's interests would be completely wiped out. It's a likelihood that it could happen. But I mean I think it certainly is worth it to, if the Board chose not to approve rather than approve the waiver today, there is more financial information that I think the bank should disclose to us that the applicant

could make available to the Board so that we have a fuller picture of what the financials are so that we can see whether or not the waiver is appropriate and whether or not, what the true nature of the State's interests would be in the case of a sale or in the case of a foreclosure situation.

GOVERNOR O'MALLEY: Mm-hmm. That's seems like a prudent course to me. I don't know why it wasn't worked out before this came here. But --

MR. COLLINS: Governor O'Malley? On our end, on the authority, we could not. We had to bring the item before the Board.

GOVERNOR O'MALLEY: When you did what?

MR. COLLINS: We had to bring the item before the Board per the request of the grantee. It was put in front of you today at the grantee's desire. It was, of course, our authority --

GOVERNOR O'MALLEY: Mm-hmm.

MR. COLLINS: -- on my end. But no, we asked the same questions.

TREASURER KOPP: So what does Mr. Gentile say?

MR. GENTILE: My understanding is, Governor and members of the Board, is that although the college would still owe the debt to the State of Maryland that the bank, having the first lien on the property, and they properly foreclosed, would then proceed to sell the property at auction. Now, no one

knows for sure what the sale at auction would produce. But typically sale at auction does not, it does not produce a higher number than a marketed property. So that the likelihood is that a sale at auction would produce less than \$31.4 million and that on that basis not only would there not be any funds from the sale. Now it's true, I believe, that the college would still legally have a debt to the State of Maryland for \$2.7 million. But that the property as an asset that can be used to get that would probably not be available. Unless the auction sale yielded more than \$31 million at the sale.

GOVERNOR O'MALLEY: When is our next meeting?

SECRETARY MCDONALD: August 13th.

GOVERNOR O'MALLEY: August 13th?

SECRETARY MCDONALD: Three weeks.

GOVERNOR O'MALLEY: I think we should defer this to August 13th and get the questions answered. In the meantime, since you guys, in the meantime if the lawyers want to find out a good way for the State to maintain its interests in the sale, you know, we are open to all creative ideas, too. I mean, I understand you have been very able here in representing your client's interests. And you work, Mr. Gentile, for the college? Or --

MR. GENTILE: Yes.

GOVERNOR O'MALLEY: Okay. And but I think we have some questions to answer. Don't you, Madam Treasurer? For due diligence?

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TREASURER KOPP: What is the impact of

MR. GENTILE: The impact is that the, if we don't go to closing by July 31st with the ATU we don't know what the ATU's position would be beyond that. We also have a situation where one of the disgruntled bidders has filed a lawsuit to try to block the sale. They were denied a motion for a temporary restraining order so the sale can go forward, but we are concerned that if we don't move with dispatch that they could tie up the sale. What we are mainly concerned about is any situation which would lead to the end of the forbearance agreement without the sale. Because we believe that the worse result would be the bank foreclosing on the property. And the danger of any delay is that that increases that possibility. And that would leave the, not only a property that wouldn't benefit I don't think of the State of Maryland, but it would leave the college with probably a large deficit to the Bank of America as an end result of this. Which I'm not sure how that would benefit anyone. And I don't think it would benefit our students and our alumni, and I don't think that there would be any advantage to the State of Maryland from that.

COMPTROLLER FRANCHOT: So if I could ask, Governor, I take it that is why it was brought as a supplemental item rather than a regular item, where --

MR. GENTILE: There is some urgency from our perspective.

COMPTROLLER FRANCHOT: Yes, sir. And Governor, I appreciate your concerns. I had some for myself when I first looked at it. But I think a lot of the avenues that might result in the State getting the money back possibly would not be well received by some of the folks in that area as to what the auction might result in as far as possible uses. So I am very comfortable in moving forward. Obviously you are in control of this particular situation. But having represented that area for many years, it is not a piece of property that should be auctioned off. Particularly given the economy.

SECRETARY MCDONALD: You know, the only thing I have to say, I think everything Mr. Gentile has said is correct and he has been very persuasive. But we do have a copy of the agreement of sale and just in terms of the August 13th date, and his closing date is July 31st. But in the agreement of sale, Section 11.3, it does say that that closing date can be automatically extended to August 31, 2014 by either party if the condition is not satisfied. So there is a 30-day window it looks to me --

MR. GENTILE: Right.

SECRETARY MCDONALD: -- in their agreement of sale for your August 13th meeting. I don't, I'm just --

MR. GENTILE: There is obviously, that is possible to do. The concern we have now is because, that has arisen is because of this litigation that while we were free to continue to sell the property that anything that we do that

delays it further gives the litigant the chance to pursue, which is essentially from our view a nuisance lawsuit but one that could eventually, that could essentially -- if the litigant is able to between now and whenever delay this beyond August 31st, then we are into the situation where the property is potentially foreclosed and up for grabs. And that is of very grave concern for the college. I mean, like I said, we were a little bit concerned that they would get a temporary restraining order and then this would all be moot. But since we were able to prevail on that and the judge was satisfied that their case was somewhat frivolous, it doesn't mean of course they won't pursue any other legal actions. And that's why we're eager to try to meet the July 31st closing date. Because of the risk involved with delay.

TREASURER KOPP: Does the fact that I am told the State doesn't actually have a recorded interest in the property --

SECRETARY MCDONALD: Correct.

TREASURER KOPP: -- but just a grant. If you go to auction --

SECRETARY MCDONALD: We don't actually have a lien on the land records. I mean, we don't have a second mortgage.

TREASURER KOPP: Yes. So that doesn't help us.

SECRETARY MCDONALD: We have a contractual obligation from the college. A contractual obligation to pay us back at our permission, whatever you say. But it is not --

TREASURER KOPP: So it is not to our benefit to go to auction.

SECRETARY MCDONALD: Not really because as he, Mr. Gentile, as I said I mean I believe him, when he states, basically everything is correct. What he is saying is that he would then have an obligation to pay us back but --

TREASURER KOPP: But he won't have any money.

SECRETARY MCDONALD: -- physical asset or anything to do it with. Or so he says. But that is his theory --

MR. GENTILE: And I mean to that regard, if the Board wanted to take the action, if the Board wanted to look further at the college's assets and say that they are not releasing the college today of this debt but allowed us to go forward with the sale of the property, we would be comfortable with that if that would make sense. And then it would give you more time to satisfy yourself if there is any concern that the college somehow has got some assets that we are not advertising, or something that could be used to satisfy this. We could do. But our gravest concern is that if we don't go forward with the sale of the property and it gets bollocksed up and we miss our window of opportunity, then we are in a situation where it's foreclosure and who knows what happens to the property. And I don't see, honestly don't see how that benefits the State, or benefits the citizens, or benefits anyone to allow that situation to happen.

GOVERNOR O'MALLEY: Sue, do you want to be heard?

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MS. PAYNE: Can I respond? Yes. There has been a lot of different interest in this property and not all the information has been forthcoming to this Board, to the taxpayers, to our elected representatives.

In July of 2012 the Washington Business Journal reported that this college chose Transwestern to market the property to be sold, and I quote, “free and clear of all debt.” And it was marketed to the people that any interested party, that every debt would be paid off in this college, including we can only assume would be the debt of the Maryland taxpayers to be paid back to the State as per the agreements with these grants and these bonds.

The other thing we want to say is that the half a million dollars approximately that is going to go to the broker, that is going to be paid. The students will be able to finish their degrees on an online capacity, that will be done. All of the union workers that worked on the buildings and refurbished the buildings, they will be paid. Everyone will be paid except the taxpayer that gave them \$2.75 million. And I just don’t think that it’s prudent to go ahead with this waiver today. I know that Delegate McDonough would like to have it, he said second reader, but you know what he means. To Board it over to the next meeting. Because we do have the ability to wait until August 31st for it to settle. And he quite frankly, Delegate McDonough, has some information that he would like the Attorney General to look at about this sale. But his primary responsibility he believes is to the taxpayers of the State, and that he sees no reason that \$2.75

million should be just waived, and the taxpayers end up being the only party that isn't satisfied, and that we just look the other way for that kind of money.

So he would respectfully ask that this be held over until the next meeting so that you can have a chance to really investigate what is going on in this contract.

GOVERNOR O'MALLEY: It's hard for me to even vote on this when the lawyer tells us he needs more time to look at it, and when Secretary Collins says that he can't answer, he is not, you know, that he has asked several questions about this, too. It could be that this was just a grant and nothing that we have runs with that land. That could be. I don't know. I don't think anybody on our side knows. I mean --

TREASURER KOPP: Is that not so?

SECRETARY MCDONALD: It --

MR. BEDWARD: Do you want me to start out?

SECRETARY MCDONALD: Greg, come back. Yes.

MR. BEDWARD: I mean -- Greg Bedward again. Sheila, Secretary McDonald is correct that we don't have recorded interest on the property. What we have is a contractual relationship between the State and the grantee that if they choose to sell the property they have to come back to ask for permission and we may ask them to repay the proceeds associated with the sale. So it is not --

TREASURER KOPP: The Labor College.

MR. BEDWARD: Precisely. Precisely. So we, there is a contract which governs our rights. And if they choose not to adhere to the terms of the contract then we could enforce our remedies otherwise. But it is not a typical real estate deal where we could foreclose on the interest, on the real estate. So that is -

TREASURER KOPP: And if the real estate goes to auction, we have no interest in that auction?

MR. BEDWARD: That's correct. That's correct. I mean, we would be --

TREASURER KOPP: Okay. I just want to make sure that that we aren't misinformed.

COMPTROLLER FRANCHOT: I'm going to move favorable on this. I hope I can get a second, and I'd like to see it moved forward. Because I think Mr. Gentile has answered a lot of the questions. I think it's the proper approach for the State, and it is something that we have done relatively, well I'll put it this way. It is not a rare occurrence for us to proceed in this manner. So I respect Delegate McDonough's request but I would hope that we could move this forward and hopefully get a second. And --

TREASURER KOPP: I would, no, I do know something about the history of this, and I do know what the alternatives are. I think we should go

forward. I think Mr. Gentile's point of doing due diligence on the college and seeing if there is a way to get funds from the college, which I believe not, but I certainly would have no objection to looking into, makes some sense. And working with ATU to the extent possible to see that it continues to be in fact what the original intent was over time when these grants were made. It sounds as though that is the intent. And in that case we have often, or we have a number of times forgiven loans as long as the property in question maintains its original sense of purpose --

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

COMPTROLLER FRANCHOT: Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed? The Governor votes no, for aforementioned reasons. Okay. Anything else on Department of General Services Agenda? We are now on the balance of -- that was item what?

SECRETARY MCDONALD: Twenty-five.

GOVERNOR O'MALLEY: Item 25.

TREASURER KOPP: Can I just follow up with one question, I'm sorry, about that. I assume if there actually was a violation of the grant agreement, a legal violation of the grant agreement, we could go after the college for whatever it has got. I don't hear that there was as much of a failure --

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SECRETARY MCDONALD: They are currently complying with the grant agreement.

TREASURER KOPP: Yes --

SECRETARY MCDONALD: They are complying, they are asking for permission --

TREASURER KOPP: So they have done --

MR. COLLINS: That they have --

SECRETARY MCDONALD: If they did default is if you all said no today, and they went out and entered into the closing, then you can sue them for breach of contract, and you have attorney generals who could --

TREASURER KOPP: All right. But all I'm saying is that there is no violation of the grant.

MR. COLLINS: Right.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: All right. That was item?

SECRETARY MCDONALD: Twenty-five.

MR. COLLINS: Twenty-five.

GOVERNOR O'MALLEY: Now the balance of the Department of General Services Agenda items. The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

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GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. All right. We're going to reconvene --

SECRETARY MCDONALD: Well we --

TREASURER KOPP: In a moment --

GOVERNOR O'MALLEY: Oh, I'm sorry. We have a bond sale.

TREASURER KOPP: -- bond sale.

GOVERNOR O'MALLEY: Don't move. I said don't move.

TREASURER KOPP: Let her know. For those of you who are watching, we are waiting to hear the report on the bonds.

GOVERNOR O'MALLEY: All right. We are back on the bond sale and the results thereof.

MS. BENIK: Okay. For the record, Bernadette Benik, Chief Deputy Treasurer. We have taken and confirmed all of the bids. Series A, which was our retail sale that took place Friday and Monday, we sold \$50,385,000 bonds with a premium of \$6.4 million and an interest rate of 1.1883.

So on our Series B, the new money, if you go to the results. J.P. Morgan Securities was the low bid. If you bring that up at 2.6535 (can you open that up) with a premium of \$64,221,140.88.

If you go back to our refunding for the bids, the low bidder was Morgan Stanley at 1.88 percent with a premium of \$149,819,000.

So I think all in all the State did very, very well today. And actually MMD is moving and has just as a result of our scale gone down two basis points. So everybody that is behind us today is ready to go to market. So Treasurer, here is your motion.

GOVERNOR O'MALLEY: So what does this mean? Tell us about this a little bit.

TREASURER KOPP: Yes.

MS. BENIK: I'm sorry?

TREASURER KOPP: Describe it, tell us what this means for the taxpayers.

GOVERNOR O'MALLEY: So tell us what this is. How much did we save for the taxpayers?

MS. BENIK: In terms of the refunding we have saved \$55.7 million. So the debt service over 15 years on the refunding bonds is reduced by \$55.7 million is how much we saved the taxpayers today.

GOVERNOR O'MALLEY: That's great. Fiscal responsibility.

MS. BENIK: Yes, with our AAA rating. That the rating agencies recognized what the Board had done to bring things in line. So our results show that. And I think --

GOVERNOR O'MALLEY: What do you mean?

MS. BENIK: -- it shows a flight to quality.

GOVERNOR O'MALLEY: You mean the cuts from a few weeks ago?

MS. BENIK: The cuts, yes, mm-hmm. And taking care of --

TREASURER KOPP: And the pension reform.

MS. BENIK: -- you know, keeping the budget balanced, correct.

GOVERNOR O'MALLEY: The arc of seven years, or eight. Good.

COMPTROLLER FRANCHOT: Susanne wanted to add something.

MS. BROGAN: The bond premium point --

MS. BENIK: Oh, the bond premium for the \$149,000, that money does not come to the State, unfortunately. It goes into escrow to fund the bonds as they are, for the refunding bonds. But the other premium is available. But the \$64 million that the State just received, remember we did anticipate as part of the budget \$40 million coming in. So we beat our estimate of the \$40 million that we had already accounted for in the budget.

TREASURER KOPP: By \$30 million.

GOVERNOR O'MALLEY: That's good.

MS. BENIK: Yes.

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GOVERNOR O'MALLEY: So we don't have to cut stuff we don't have to cut.

MS. BENIK: Right.

TREASURER KOPP: Yes.

GOVERNOR O'MALLEY: Good. Great. Good job, Treasurer and staff.

TREASURER KOPP: And staff.

GOVERNOR O'MALLEY: Able staff.

TREASURER KOPP: Able, able, able staff.

Governor, I move that the Board adopt the resolutions before us today concerning the State and Local Facilities Loan of 2014, Second Series in particular. I move that the Board ratify and approve the preliminary official statement dated July 8, 2014; the revised date and publication of the summary notice of sale for the 2014 Second Series B on July 9, 2014 in the Bond Buyer; and the resolutions the Board adopted on June 18, 2014 concerning the bond sale as amended earlier this morning. And I ask for a second and vote on those motions.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

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(No response.)

GOVERNOR O'MALLEY: The ayes have it.

TREASURER KOPP: Okay. And for Second Series A, I move that the syndicate of underwriters represented by CitiGroup Global Markets Incorporated be awarded the Second Series A Tax-Exempt Bonds in the aggregate principal amount of \$50,385,000 with a net premium of \$6,381,311.35 and the true interest cost of 1.1883 percent; and further move that the bond purchase agreement for such bonds be accepted and approved and that the Series A Bonds be issued in the amounts and maturities and at the interest rates and prices set forth in the bond purchase agreement; and ask for a second and a vote on the Second Series A motions.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

TREASURER KOPP: And for the Second Series B Bonds I move that J.P. Morgan Securities LLC be declared the successful bidder for the Second Series B Tax-Exempt Bonds in the aggregate principal amount of \$449,615,000 with a net premium of \$64,221,140.88 and a true interest cost of 2.653530 percent; and I further move that the Second Series B Bonds be issued in the

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amounts and maturities and at the interest rates and prices set forth in the successful bid for the bonds; and ask for a second and a vote on the Second Series B motions.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

TREASURER KOPP: Okay. And for the Second Series C Bonds, the refunding, I move that Morgan Stanley and Co., LLC be declared the successful bidder for the Second Series C Tax-Exempt Refunding Bonds in the aggregate principal amount of \$656,510,000 subject to resizing as provided in the revised official notice of sale with a net premium of \$149,819,379.27 and a true interest cost of 1.882154 percent; and further move that the Second Series C Bonds be issued in the resized amounts and in the maturities and at the interest rate set forth in the successful bid for these bonds; and ask for a second and a vote on the Second Series C motions.

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

THE BOARD: Aye.

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GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

TREASURER KOPP: And finally I move that the Board authorize and approve the issuance of the final official statement for the bonds, ask for a second, and vote on the motion.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

TREASURER KOPP: Thank you. Thank you, gentlemen.

GOVERNOR O'MALLEY: We will reconvene at 1:00 across the way in that big building with the dome on it.

(Recess.)

GOVERNOR O'MALLEY: Welcome. Some of you, welcome back. This is resumption of the Board of Public Works meeting which began earlier this morning and now we're over here. And we are calling from the Secretary's Agenda Items 5 what we are doing here.

SECRETARY MCDONALD: That's it.

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GOVERNOR O'MALLEY: That's it?

SECRETARY MCDONALD: That's it.

GOVERNOR O'MALLEY: Item 5. Do we, this is a wetlands permit?

SECRETARY MCDONALD: This is a wetlands permit.

GOVERNOR O'MALLEY: And sometimes here at the Board of Public Works wetlands permits take on cosmic proportions and this is one of those days. So who wants to go first and explain --

SECRETARY MCDONALD: Governor, Madam Treasurer, and Mr. Comptroller, I prepared the case with many different moving parts here. I am going to sort of set the stage and tell you all the moving parts and who we have here. I think I will be able to get through my little setting the stage for you in just a few minutes. I would like on the record though to be able to explain who we distributed the notices to and all because that has been an issue before.

The Board of Public Works today is presented with Secretary's Agenda Item 5 which is an application from Dominion Cove Point LNG, LP for a tidal wetlands license. Specifically Dominion requests a tidal wetlands license to construct a 149-foot long temporary pier to emplace four hollow steel mooring piles and to remove the pier and the mooring piles and restore all disturbed tidal wetlands to the original contours at the end of the three-year license term. This is all proposed to take place at offsite area B, which is on the Patuxent River

northwest of Solomon's Town Center, southwest of the Thomas Johnson Bridge, and the Solomons Boat Ramp and Fishing Pier, all in Solomons, Calvert County, where the Honorable Robert Swann, former Comptroller, is a resident and honored to be in the audience today, Mr. Swann.

GOVERNOR O'MALLEY: Hello, Mr. Swann.

MR. SWANN: How are you all?

GOVERNOR O'MALLEY: Hi, welcome back.

MR. SWANN: Thank you.

SECRETARY MCDONALD: The Board of Public works is charged by the State Tidal Wetlands Law with determining, quote from the law, if issuance of the license is in the best interest of the State, taking into account the varying ecological, economic, developmental, recreational, and aesthetic values the application presents.

In this case quickly the process, the Maryland Department of the Environment, as the law requires, submitted its recommendation to the Board of Public Works on May 14th on this tidal wetlands license. On that very day the Board of Public Works office notified by United States Mail all 69 persons whom the Environment Department had identified as interested persons in this matter. Our notice, which went out by mail, also included a copy of the Report and Recommendation to those 69 persons and asked if they took exceptions to MDE's recommendations. At the same time the notice and the R&R, as we call the

Report and Recommendation, was put on the Board's website. A special page was devoted to it so that it was easy for anyone to access any Dominion Cove Point tidal wetlands materials from the day they started coming into the office.

The Board did receive written comments from five interested persons after that mailing, one of whom was the applicant in favor of the application, and four of whom took exception to the MDE R&R. Dominion and three of those four interested persons who took exception, written exception, have requested to appear personally before the Board. As I said, in addition to U.S. Mail delivery to all persons identified as interested we have made everything available on the website, and through that mechanism of public notice on the website we have also received 180 written comments that are posted on the website. I received this stack at 12:15 that I have not had an opportunity to open or see what's in it, more written comments. And I have received a total of 70 requests to address the Board at this meeting.

Back to the MDE R&R, from the Department of the Environment you have Mr. Gary Setzer and Mr. Bob Tabisz who are responsible for the report and recommendation but the Secretary has authorized this R&R and for them to represent him today. As the Tidal Wetlands law requires the Secretary of the Environment submitted a report indicating whether the license should be granted in order to assist the Board in determining whether to issue the license. The MDE

R&R in this case does recommend that the Board grant the license with certain special conditions, and MDE is here to explain its recommendation.

As you know I announced this morning we finally have a wetlands administrator at the Board of Public Works after nine months but he just began work a few days ago. In the absence of the wetlands administrator while we were processing this case for the last few months we did obtain assistance from the Maryland Environmental Service, which as you know is an independent State public body. The Maryland Environmental Service is represented today by Ms. Kenna Oseroff, a wetland scientist, a master of science in environmental science. MES agreed to provide the Board a variety of environmental, administrative, planning, technical, and engineering services with respect to this application. Ms. Oseroff prepared an advisor's report in which she reviewed the R&R. You have the advisor's report in front of you.

Finally one last thing is under the Tidal Wetlands Law if the Board decides to issue a license the terms and conditions shall be as the Board determines. To that end I prepared a draft license that incorporates the Board's standard conditions as well as the specific special conditions that the MDE and the MES advisor recommended.

We are prepared to present to you MDE, MES, the applicants, the opponents, and all the general public who has asked to speak.

GOVERNOR O'MALLEY: Okay. So who --

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SECRETARY MCDONALD: Would you like to hear from the Department of the Environment?

GOVERNOR O'MALLEY: Sure.

SECRETARY MCDONALD: I think they have some pictures they can show you and set the stage for everybody so we are all on the same page.

GOVERNOR O'MALLEY: Sure. Who wants to pipe up here?

MR. SETZER: I guess that would be me. I'm Gary Setzer --

GOVERNOR O'MALLEY: And can I say another word at the outset here? I mean, we developed a tradition here at the Board of Public Works and I think where we hear from people when they want to express their views here. And oftentimes it is way beyond the metes and bounds of the particular permit and the merits of that permit. And this may well be one of those cases. So we are guided by recent Court of Appeals decisions to tell us what criteria we are to use in granting a wetlands permit. And we have been kind of hemmed in on that. And so we are going to consider those things, and I believe just by way of ground rules we had talked about having, how are we going to split the time between those that are in favor and those that are opposed?

SECRETARY MCDONALD: Well I believe that the, as I said there are three women who are interested persons from the beginning and have filed written comments and continued exceptions to ask. And I believe those

women probably should each get three minutes in front of you. Other than that I do think that you could ask groups. And I mean because --

GOVERNOR O'MALLEY: Okay. So here's what we're going to do. We have two hours for this. Thank you, Ms. McDonald. I really appreciate that insight. We have two hours for this. We're going to hear from a couple of people right off the bat and then we're going to split the time equally. And so if you want to testify in panels, that's great. Or however you want to work that out. Right, Mr. Large? I mean, that's what we're doing, we're going to split the time. Okay. So Ms. McDonald, back to the three people we are going to hear from are who? MDE?

SECRETARY MCDONALD: Okay. So we have, we do want to hear from MDE so they can set the stage, and we also know that Dominion wants to explain their application. We have Ms. Tracey Eno, we have Ms. June Sevilla, sorry, Ms. June Sevilla, Ms. Eileen Hadley, and Cindy Peil. Okay. But actually the three women here, Ms. Eno, Ms. Sevilla, and Ms. Hadley have participated with the Department of the Environment from the very first day and they live in the Calvert County community. And I understand from their comments that they are opposed and I believe they have appeared at a lot of other hearings. So these are Calvert County citizens who have been here from the beginning.

GOVERNOR O'MALLEY: Alright. So that's what we're going to do, and then we're going to divide the time back and forth, okay? And we're

going to do that until we're done. And done will be two hours from now. MDE, what do you want to tell us?

MR. SETZER: Okay. Gary Setzer, Program Administrator with the Wetlands and Waterways Program, Maryland Department of the Environment. Along with the Maryland Environmental Service we have put together a slide presentation just to get you all oriented. The site for the temporary construction pier is along the Patuxent River in close proximity to Thomas Johnson Bridge on Solomons Island Road in Solomons in Calvert County. The 12-acre site located approximately six miles from the LNG Terminal is referred to as offsite area B.

An alternatives analysis was required as part of the application process and both State agencies and the federal government concurred with Dominion's preferred alternative. The alternatives analysis looked at four other sites, including offsite area B. One was the LNG facility itself; Calvert Cliffs was another area; Calvert Marina; and transportation of materials from the Port of Baltimore. Next slide.

Okay. Offsite area B, where the temporary pier is supposed to be constructed, Dominion will offload industrial equipment from barges and then it will be transported over land to the LNG Terminal, again about six miles from this location. When construction operations are complete Dominion will remove the pier and the mooring piles and restore the site to preexisting conditions. The

actual work proposed under the tidal wetlands license would be the construction of a 149-foot long temporary pier, 40 foot wide, supported by 24 hollow steel piles approximately 36 inches in diameter, and the emplacement of four hollow steel mooring piles approximately 60 inches in diameter.

Prior to submitting the application Dominion attended two pre-application meetings. The first meeting was October 22, 2012. It included MDE, Department of Natural Resources, Maryland Historic Trust, the Critical Area Commission, the U.S. Army Corps of Engineers, the Environmental Protection Agency, and the U.S. Fish and Wildlife Service. On 12/19/2012 those same agencies participated in a second pre-application meeting but that meeting also included FERC, the Federal Emergency Regulatory Commission, and Calvert County. The application was actually submitted on April 5, 2013 incorporating the discussions and the guidance that was provided during those pre-application meetings. Alrighty, next slide.

What I would like to do is just orient yourself to the site. This is the aerial, I think over here. This is the Solomons Fishing Pier here. This is the Boat Ramp. This is area B. I entered the area B site about here. I took photographs over in this direction. I took photographs of the critical area 100-foot buffer, to give you an idea of what the vegetation looked like. I walked down, took some pictures facing the shoreline to give you an idea of what the present

condition of the shoreline is. And then walked over to the Fishing Pier and took several others. Okay, next slide.

Okay, again, this is at the actual construction staging area. And this is looking towards the south. You can see part of the site adjacent to the lay down area is in active agricultural. Next slide.

This is looking towards the critical area buffer. And if you look from screen right to the red barn it is approximately 400 feet in distance. Next slide, please.

This is the Boat Ramp. And just to get you oriented in terms of the distance from the proposed pier, if you took the center line of each of those boat ramps starting from the left, that center line would take you about 65 feet to the edge of the pier. The second center line would take you about 97 feet to the edge of the pier. And the third boat ramp would take you about 128 feet from the edge of the pier.

And this is walking out onto the pier, looking towards the shoreline where the pier would be constructed. And if you look towards the right of the screen there is the roof of a gray house and that house will show up in a couple of other slides to get you oriented. Okay, another slide.

And the shoreline again, if you look at the again screen right, the edge of that forest line, there is another picture that shows you, just again to get

you oriented what goes on to the south of that shoreline. And that would be the houses and barn complexes associated with the agricultural piece.

This is a plan view of the pier. Again, there is two lines -- Kevin, why don't you go to the next slide. It might be easier to see. No, I guess not. There are two lines that show -- there you go -- coming off of the solid black line just above the pier, the first line is the extended property line. The second line is the 25-foot Calvert County setback requirement. So the pier is inside the 25-foot required setback required by Calvert County. The circle is the location of the public boat ramp. And again, on average it's about 75 feet from the proposed pier.

This is the bathymetry at the location of the pier. The first box is the actual pier. The orange areas and the four green dots represent the dolphins, the mooring piles that will be used to secure the barge when it is in place. And the little blue box at the back is representing, the representation of the tug.

COMPTROLLER FRANCHOT: -- bathymetry means?

MR. SETZER: The depth of water underneath. The bathymetry, the depth of water underneath the barge. On the profile there you can see at the front it's about three feet from where the barge, three feet in depth from where the barge will be meeting the pier. And then as you go the 400-foot distance from the 270-foot barge and the 75-foot tug, the depth underneath the tug is approximately 22 feet.

This is probably one of the most important slides. Because the pier is actually in an oyster bar, it's natural oyster bar 22-8. And because of the oyster bar this application has been extensively reviewed and coordinated with the Department of Natural Resources. And part of that coordination is a recommendation of two conditions on the tidal wetlands license if you all will approve it. One is oyster mitigation plan, which again that plan would be approved by the Department of Natural Resources. The mitigation would be at a two to one ratio. And the approved plan would be submitted to the wetlands administrator for his approval prior to construction. The second condition would be an artificial reef plan. Again, it would be coordinated with the Department of Natural Resources and again submitted to the Wetlands Administrator prior to construction. And that concludes my side of things and I'll pass it off to Kenna.

MS. OSEROFF: So the process --

GOVERNOR O'MALLEY: And identify yourself for us, if you would?

MS. OSEROFF: Oh, sorry. Kenna Oseroff with Maryland Environmental Service, advisor to the Board of Public Works.

GOVERNOR O'MALLEY: Spell your last name, please? Can you spell your last name, please?

MS. OSEROFF: Oh, sorry. O-S-E-R-O-F-F.

GOVERNOR O'MALLEY: Thank you.

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MS. OSEROFF: So the process intended with the advisor's report was to address comments, concerns, potential tidal wetland impacts related to ecological concerns, aquatic resources, recreation, bridge safety, cultural resources, aesthetics. Other concerns were noted for the record however they were not taken into account when reviewing for tidal wetland impacts. This was to be accomplished by either providing answers to questions or comments or to provide the area where people could go get information.

The public documents reviewed for this report included review and concurrence with the MDE report and recommendation; review of the MDE hearing and all associated comments; review and consideration of any comments submitted during the BPW review period; review of the Public Service Commission report; review of the Federal Energy Regulatory Commission's environmental assessment; coordination with the FERC EA included U.S. Fish and Wildlife Service Chesapeake Bay Field Office; the National Marine Fishery Service; United States Coast Guard; Department of Transportation; Maryland Department of Natural Resources; and the U.S. Army Corps of Engineers. Review also occurred of online available natural resource databases such as Merlin, the Maryland Environmental Resources and Land Information Network; and the NMFS Guide to Essential Fish Habitat, which is National Marine Fishery Service.

The State agency coordination for the advisor's report included MDE and Maryland Department of Natural Resources. For the mooring concerns related to bridge safety, Lochley Marine was consulted. And the final decision was rendered after review of the findings from the document, the recommended special conditions that resulted from the planning process. And that's it.

COMPTROLLER FRANCHOT: I have a question.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Okay. So obviously this is a very significant project. Economically I think it's much bigger than even the Keystone Pipeline decision when you talk about construction employment and when you talk about what it potentially does for the United States economy and its dependence on foreign fossil fuels. The question for me is the environment. And you quoted a long list of folks that have reviewed this: the National Marine Fisheries Association, the Department of the Environment, and I keep reading that the approval is contingent upon conditions and measures being adopted by Dominion to mitigate the environmental consequences. Who is going to oversee that from the State perspective as to all of the promised mitigation? Who is in charge of enforcing --

SECRETARY MCDONALD: Mr. Setzer, could you explain MDE's enforcement operation? But then I think some of the bigger issues about

PSC and all is going to be left to them. But can you tell them about the follow up of the administration of the wetlands license?

COMPTROLLER FRANCHOT: Thank you, Madam Secretary.

But that really gets me alarmed.

SECRETARY MCDONALD: Okay.

COMPTROLLER FRANCHOT: Because if we have a bifurcated split review of all these things, I hope that there is some accountable agency at the top of everything. Is there or is there not?

MR. SETZER: The Maryland Department of the Environment is responsible for enforcing the requirements that you all place on the tidal wetlands license. And the department will call in whatever other department it needs in order to fully ensure that the license is complied with. And again in this particular instance --

COMPTROLLER FRANCHOT: Okay, let me just stop you there. Not to interrupt, but let me just interrupt. FERC, the Federal Energy Regulatory Commission, apparently has reviewed this, looked at the environmental assessment, has given approval of the proposed project with appropriate mitigating measures, and said it would not constitute a major federal action significantly affecting the quality of the human environment. So I take it the appropriate mitigating measures are in writing somewhere, and someone is responsible for the State of Maryland. In the State of Maryland, not FERC, in

making sure that these measures in fact if they have been agreed to are implemented.

MR. SETZER: The measures that --

COMPTROLLER FRANCHOT: Well what are they?

MR. SETZER: -- would be included in the tidal wetlands license?

COMPTROLLER FRANCHOT: No --

SECRETARY MCDONALD: I believe he is talking broader --

MR. SETZER: Or the broader --

COMPTROLLER FRANCHOT: Yes.

SECRETARY MCDONALD: Yes, he is talking about --

COMPTROLLER FRANCHOT: And the Governor correctly noted it's a cosmically significant project.

TREASURER KOPP: Although as the Governor also correctly noted what is before us is indeed the wetlands license.

COMPTROLLER FRANCHOT: That is true.

GOVERNOR O'MALLEY: -- license.

COMPTROLLER FRANCHOT: That is true.

GOVERNOR O'MALLEY: And so I think what you were reading was about the air quality study --

TREASURER KOPP: The pier. The impact of the pier.

COMPTROLLER FRANCHOT: Yes. I'm, I don't want to, I appreciate the Treasurer's and the Governor's comments. But honestly this is not, this is a hearing on the wetlands permit. But behind it is a project that is enormously potentially a huge economic positive for the country. And the question is for me, because I do not subscribe to the Court's directions to us to limit our scope. I think they are wrong with all due respect to my colleagues down the street. This, I'm going to be voting based on what I think is in the public interest, and part of that is whether these environmental conditions from all of these different agencies that the, is it DNR? Or MES? The MES person cited. Who is in charge of making sure that they are all done.

MR. SETZER: I certainly can't --

COMPTROLLER FRANCHOT: -- anybody knows?

MR. SETZER: I can't speak to the FERC component of it. But as far as the air quality requirements are concerned, those requirements as they appear in the Air and Radiation Administration, MDE's Air and Radiation Administration permits will be enforced by MDE. And that enforcement will also be in coordination with those individuals that are looking at the tidal wetlands license --

COMPTROLLER FRANCHOT: Okay. So last question for you, and thank you, I don't mean to interrupt you. But apparently MDE has ordered

measures to prevent negative impacts to plant life, fish, navigation. What are those conditions? Did you or didn't you impose some conditions?

MR. SETZER: The conditions that MDE recommended on the license --

SECRETARY MCDONALD: Well let's look at the ones that are on the Board item itself that would be approved. We have it here. I mean, we have the Board item, Item 5. I mean, we can quickly look at this bottom bullet and explain to the Comptroller exactly the special conditions that are in the license in front of the Board.

MR. SETZER: Okay. The time of year restrictions, that is enforced through the tidal wetlands license by again the Water Management Administration at MDE. The implementation, appropriation and implementation of the oyster mitigation plan. That plan will be coordinated with the Department of Natural Resources. It's also important to note that the department will actually be doing the pre-imposed monitoring of the site prior to construction of the pier. That is an agreement that the department has worked out with Dominion. So we are going to have the experts, the State experts, actually participating in that process to make sure that those resources are fully protected. Again, the artificial reef plan, that will be coordinated with the Department of Natural Resources. And again, Dominion will be working jointly with them to put that plan in place. And the implementation of both the oyster mitigation plan and the artificial reef

plan will be through MDE's enforcement pre-construction survey and post-construction survey. I already talked about that in terms of the Department of Natural Resources working with Dominion. The U.S. Coast Guard has recommended that the end of the pier be lit for navigation safety and we will be able to make sure that occurs. And the turbidity monitoring, that will be done by Dominion. And those results of the turbidity monitoring will be submitted for our review. There is also I believe a proposed condition --

SECRETARY MCDONALD: Well there are standard conditions that are in every license. Those ones that we have put on the Board item and that Mr. Setzer has just detailed are the special conditions for this license and all other standard wetlands conditions are in the license.

I do know, Comptroller, that Mr. Setzer is talking to you about how we are going to enforce the tidal wetlands license, which is what the Board of Public Works office will be looking at. I know you have a bigger, broader question. Dominion I think has at least ten people here. I think one of them is an environmental project advisor on the whole thing. There may be somebody from Dominion who can tell us how they are going to coordinate with FERC, with PSC, with the varying regulatory agencies they have as a group to administer with. So that would be a good question for them.

COMPTROLLER FRANCHOT: No, that's fine. I appreciate that and I'm looking forward to hearing their testimony. I'm just saying --

SECRETARY MCDONALD: Yes. No, you're right. You're right.

COMPTROLLER FRANCHOT: -- for myself, I'm not speaking for the Board, and I consider this wetlands permit to be a go or no go for this whole project, frankly. I don't see anything else, either you know standing in the way, or whatever. So it may be a narrow read, and I'm sure the Court of Appeals has already taken down my comments. But just to be explicit, I'm voting today in the public interest. And I would like to hear who is going to be accountable for the environmental stewardship for this project should it get the approval of the Board. Maybe Dominion is the right group to ask. I'm happy to, but as to whether this is just in my mind a vote on a wetlands permit? Just speaking for myself, it isn't.

TREASURER KOPP: Could I just say I assume you don't imply that others are not voting what they see as the public interest?

COMPTROLLER FRANCHOT: Not at all. I'm just saying the Court has sent some very, to me, odd requests to this Board to limit its attention on matters like this in a very narrow way. And I don't work for the Court of Appeals. I work for the people of the State of Maryland.

TREASURER KOPP: We all work for the people, as does the Court. And sometimes following the logic of law and our system of three branches of government and their interrelations is painful, frustrating, infuriating.

COMPTROLLER FRANCHOT: Yes. Well, trust me when I look to who bosses me, it's the millions of Marylanders who go to the polls and put me in this office. And I appreciate the Treasurer's comments, but I don't work for those folks in the red robes down the street. Uh-uh. So --

TREASURER KOPP: No, ironically they work for the people, too.

COMPTROLLER FRANCHOT: Well, I don't know. That's, we're getting off the subject. But the question is who, whether the company has the capability to exercise good environmental stewardship. I appreciate the economic implications here. It's the environmental protections that I'm particularly interested in hearing about.

GOVERNOR O'MALLEY: I think we're going to get to this.

TREASURER KOPP: Mm-hmm.

COMPTROLLER FRANCHOT: And Madam Chair and I get, we, the Treasurer and I get along very well, and we have served together a long time. We just have differences of opinion from time to time. And --

TREASURER KOPP: If everybody agreed on everything all the time we wouldn't need any sort of representatives anyhow.

GOVERNOR O'MALLEY: It's now 1:45.

TREASURER KOPP: Sorry.

GOVERNOR O'MALLEY: How about we hear from the petitioner who is asking for the permit, and then we will hear from a few of the opponents, and then we will get on with the public testimony? And maybe the questions will get answered in part by the next --

SECRETARY MCDONALD: So could we have one spokesperson for Dominion stand up and introduce yourself. If you need somebody else to stand next to you, that's fine. But we would kind of like one, unless you need to ask questions of somebody else. Thank you.

MR. FREDERICK: Okay, good afternoon. My name is Mike Frederick. I'm with Dominion. I'm here on behalf of the applicant. Governor, Mr. Comptroller, Madam Treasurer, if you would like I can start answering your first question.

COMPTROLLER FRANCHOT: I don't --

GOVERNOR O'MALLEY: Whatever you want to do.

COMPTROLLER FRANCHOT: If it expedites things, great.

MR. FREDERICK: So on the question of, I'll tell you from a compliance standpoint it is always in our best interest to comply with whatever conditions are in whatever permit. We will, I can tell you from experience, we are routinely from an operational perspective inspected by all the agencies that have authority over us: FERC, Coast Guard, DOT, MDE, DNR.

Specific to the project from a construction standpoint, we have an extensive environmental controls plan, basically, that involves a number of environmental experts. The first thing we do once we get all the permits and we have already been accumulating this is what are all the conditions we have to comply with? Who is responsible for them? And who I can turn to as Vice President of the site, who I can turn to and say, you know, "You are the one that needs to be watching this." So I will tell you from our internal perspective we take that very seriously. And then as far as the State agencies and the federal agencies, I will just tell you that we routinely have them on site, especially during construction. They are all allowed to show up anytime, unannounced. They take that opportunity. So we are very heavily scrutinized during a construction phase, not to mention just ongoing operations.

COMPTROLLER FRANCHOT: And, thank you, that's helpful. What is your compliance record as far as previous large projects in the issue of meeting the conditions of projects that I am not aware of? What is your record of environmental stewardship?

MR. FREDERICK: Our, so I'll take it in three parts. From a construction standpoint, it's very good. Well, the same answer for all of them. But from an operations standpoint, it's also very good. Now environmental stewardship, so first off compliance is a very good record. We take it very seriously. And then if I jump to environmental stewardship I think you would see

by the number of things we have done from an environmental perspective that we take it very seriously. And you know, I can expand on a lot of those like saving a freshwater marsh that's on the property. But I think, you know, when we get, I think we have a speaker that may want to talk about that. But I think if you look at our environmental stewardship history you would find it quite impressive. It's one of the core values for our company and we do take it very seriously.

COMPTROLLER FRANCHOT: And you are in compliance or have been with previous big projects, inspections, and reviews by federal and State agencies?

MR. FREDERICK: There are, I would say the answer to that is yes. Now there are always things that come up during inspections, like okay that silt vents maybe needs changed. So it's a little different than the initial permit condition. So there are always ongoing recommendations in any of this work. But yes.

COMPTROLLER FRANCHOT: Thank you, Governor.

MR. FREDERICK: With that, I'll jump in to what we would like to talk about relative to offsite area B. You know, we have had a long successful operating record at Cove Point, Dominion has. We have been a good corporate citizen here in the State of Maryland. We crafted our permit application that way. And you know, we intend to follow all of the conditions that are in any of the license requirements.

I will say, I would like to say we agree with the Executive Secretary's report and the report and recommendation with MDE. We are ready to comply with everything that is in there.

I am not going to --

GOVERNOR O'MALLEY: Just to be clear what you are asking for is a pier that would extend into the Patuxent and the Thomas Johnson Bridge that would allow you to barge in construction materials for what is going on further up. So it is not even piers out of Cove Point? Or are there --

MR. FREDERICK: No, it's not --

GOVERNOR O'MALLEY: Nothing new at Cove Point? I mean, nothing new by way of, that requires a wetlands permit up at --

MR. FREDERICK: No. This is specific to what is on the drawing. So it is basically 170 square feet of impact in the Patuxent River, and it is basically the pilings for the temporary pier and the mooring pilings.

GOVERNOR O'MALLEY: Got you.

MR. FREDERICK: All of which will be used during an 18-month period, about 40 barge loads during that time period, and then all of which will be removed within the three-year requirement of the license, probably well before the three-year limit.

GOVERNOR O'MALLEY: So it's not only a permit, it's a temporary permit at that?

MR. FREDERICK: That's correct.

GOVERNOR O'MALLEY: For 18 months?

MR. FREDERICK: That is correct.

GOVERNOR O'MALLEY: To facilitate the offloading of materials you need for the construction and the switch over of this import plant to an export plant?

MR. FREDERICK: That's right. It's basically to get the heavy material, heavy equipment and material into the site.

GOVERNOR O'MALLEY: Got you. Yes, I'm sorry, keep going.

COMPTROLLER FRANCHOT: But just on my personal point, the project can't go forward without the permit?

MR. FREDERICK: That's correct. It's an integral part of our plan for doing the project.

COMPTROLLER FRANCHOT: I mean, that's what, you and I met at one point, I think that was your comment to me.

MR. FREDERICK: That's correct. We --

COMPTROLLER FRANCHOT: The Governor is correct, but when I say that this is an important vote, it is an important vote.

MR. FREDERICK: That's right. And it also, I mean, we can get to it in the slide presentation, but it is also a prerequisite for a number of other permits that we are waiting on. So one of the prerequisites are have to issue the

tidal license before we can get those. The work is done on them, they are ready to be issued. But this is a prerequisite. So yes, you are absolutely correct.

So I am on slide two, which we have covered most of. But I will emphasize again, you know, during the joint evaluation meetings with the agencies listed on slide two, the key, one of the key concerns foremost was no dredging. And that is why the pier is where it is, and that is why it is oriented where it is, so that we can get in from the water standpoint the equipment that we need to get in. And then I would also just mention, you know, there is no forest; non-tidal; rare, threatened, endangered species; cultural impacts, in what we are planning, and it is temporary for 18 months.

So turning to slide three, not repeating it, I will mention the public boat ramp can remain open during the whole time period. That won't be a problem. And again, the pilings that are being driven to facilitate the pier all will be removed at the end of the 18-month period and prior to the end of the license time.

Slide four, you know, just kind of outlines. MDE has already covered this. But we talked about bullet one. The second thing we are taking time of year restriction to make sure that we are not going to impact oysters. That is from the middle of December to the middle of March, and then the first of June to September. So we are taking a pretty significant time of year restriction to make sure we are avoiding impact. The oyster mitigation plan is two for one, that

is a minimum of four acres. MDE has mentioned we are funding the pre-imposed surveys. And then we are going to supplement existing reefs or provide a new reef with the construction material that is appropriate for reefs as part of the project, which provides enhanced habitat for fish and other organisms.

So to slide five, we have worked with the Coast Guard to ensure tug and barge safety. The Thomas Johnson Bridge is an important bridge for our State and our area. Quite frankly, safety is a core value at Dominion. It is the most important thing we do every day. We can talk about that if you would like, but I'm pretty proud of the fact that for instance today is day number 704 consecutively without an OSHA recordable injury at our plant which we are very proud of. We take safety very seriously. And it is with that that we put the plan in mind to get the tug and barges in there.

So first off, the barge voyage, whether it is from Baltimore or from Norfolk, less than 24 hours so weather will be watched, conditions will be watched to make sure that when the barge would arrive it's a very safe time to dock the barge. Of course the tug captain, who is very professional and does this all the time, will make the final determination of whether it is safe to dock. In addition, because of the concern over the Thomas Johnson Bridge safety, we have added assist vessels in the plan. So the tug that is attached to the barge can handle it, but we have also planned to provide different levels of assist vessels,

depending on the size of the load, to make sure. It is kind of a belt and suspenders approach to make sure that the Thomas Johnson Bridge safety is not impacted.

And it probably is worth noting that the Chesapeake Bay, the rivers that feed the Chesapeake Bay are working waterways. You know, the captains that captain the tugs in the Bay operate routinely every day. It is a normal occurrence. So it is not something far out of the realm of normal, everyday activity.

I'm on slide six. So in addition to minimizing the impacts from the activity at the site, this particular site, which is private property, is also used for a number of public use things there. For instance, the Calvert Marine Museum has concerts during the year that they use this area for parking, which will continue to be able to be done. The Optimist Club does Christmas tree sales there. The Fourth of July fireworks, which are a fundraiser for the Solomons Business Association, also that parking will continue. So we put this plan together to make sure that the public, the traditional, practical, public use aspects of what has been done will continue. And then of course I mentioned the boat ramp will remain open.

I am on slide seven. So to conclude the license discussion part of this, we are supportive of the proposed license that your staff has developed. We are committed to avoiding what we can avoid, minimizing, and then mitigating.

And that is the way this plan has been put together. So we respectfully request that the Board approve the requested license.

As we indicated earlier, if you turn to slide eight, it is a prerequisite for a number of other approvals. Slide eight describes what we have already received and what is pending, and Mr. Comptroller as you have appropriately pointed out this license, which is listed, we have it listed today, is one of those things that we need for the project. And then of course we are expecting FERC approval to construct at any point now.

So slipping to slide nine, those are the remaining approvals that require the tidal wetlands license as a prerequisite before the rest of them can be issued.

Moving to slide ten, and I'll be very quick about this because I respect what you are trying to do from a controlling time period perspective. But two things we felt like we needed to mention proactively: greenhouse gases and quantitative risk assessment. Because you will undoubtedly hear comments about that if we talk about the broader project. So with your permission I'll talk about that a little bit?

GOVERNOR O'MALLEY: Sure.

MR. FREDERICK: Okay. So from slide ten, excuse me, slide 11. So things that have been done to reduce greenhouse gases in the project. First off, the project meets BACT requirements, best available control technology. We are

adding two natural gas fired, highly efficient turbines to drive the compressors that we need for the liquefaction. We're taking an unprecedented step as far as U.S. LNG facilities, and that is we are taking the waste heat, we are recycling the waste heat from those turbines to generate the additional power we need, the 130 megawatts of power. So we have two natural gas fired turbines that are driving the compressors, recycling the heat, to generate the additional power we need. And we also have a --

GOVERNOR O'MALLEY: Not all of the additional power you need.

MR. FREDERICK: In concert with the power we have on site currently.

GOVERNOR O'MALLEY: Right.

MR. FREDERICK: We currently generate our own power, this is in addition to that.

GOVERNOR O'MALLEY: So all of the additional amount of power that you need is going to be generated by the heat?

MR. FREDERICK: Yes, the 130 megawatts of power that we need will be generated by the recycled heat from the turbines that are driving the compressors. Now we will augment that, we do have additional power generation on site currently.

GOVERNOR O'MALLEY: Mm-hmm. So but the additional, the additional power you need is going to be generated by the combination of two additional turbines and the capture of the heat from those, right?

MR. FREDERICK: Yes, sir. It's essentially a combined cycle.

GOVERNOR O'MALLEY: Got you.

MR. FREDERICK: We also have in the CPCN proceeding, we have an LDAR program in place, which is leak detection and repair. Essentially what that does is a proactive approach to all the equipment on our facility to monitor for leaks and correct them immediately. So it reduces fugitive emissions.

And of course then studies have shown and continue to show in a life cycle basis that utilizing natural gas versus coal reduces CO2 emissions. And then the last point I would make, also in the CPCN proceeding we agreed to a contribution of \$40 million over the next five years to the Maryland Strategic Energy Investment Fund that can be used by the Maryland Energy Administration for the greenhouse reduction and mitigation programs as they see fit.

Now moving on to slide 12 which is basically discussion, the full safety review has already been completed. You, you know, some are calling for a quantitative risk assessment and I want to take a minute to describe the difference between the approach that has been taken so far and a QRA.

So the FERC PHMSA approach for siting is a very conservative approach. We have at the plant just, I mean for instance, we have over 300 gas

detectors on site. There is going to be more added as part of the facility. We have redundant control systems that can immediately shut down through emergency shutdown procedures anytime a leak is detected in the wrong location. What FERC says, the FERC PHMSA approach says that's nice but you can't take credit for any of that. You have to assume whatever failure is going to occur is going to occur, and that it's going to ignite, and that the consequence of that is what you have to tell us what the consequence of that is. Now the consequence of that actually doesn't have to remain on site by law. But ours by design does. So what we have done is modeled, just the modeling if you printed out would be 20,000-plus pages of modeling on just this. Bottom line is, the failures that occur on the site, the consequence of those remain on our site.

So again the difference is a QRA would say, well, so what is the probability of a failure? And then what is the probability that your gas detector can pick it up? And what is the probability that the control system can shut it down? And you do your analysis that way. So again, FERC PHMSA's approach is a much more conservative approach that says you cannot take credit for any of that, assume it fails, what are the consequences?

The other thing that you might hear is that NFPA, National Fire Protection Association Code 59A, Version 2013, requires a QRA. It's not true. I mean, I can cite you chapter and verse, but that is not true.

And then as far as Maryland of course the PSC has done, you know, part of the review they did included their review of FERC's safety analysis. And after all of that they concluded, and they couldn't have concluded this without agreeing that the project was safe, they concluded that the project should be approved, which it was in May. And of course with regards, that's all for the bigger project. None of that really applied to offsite area B, which depends on your perspective is what we're, you know, what this review is.

So we do have a number of subject matter experts here. We would be happy to answer any questions that you have.

GOVERNOR O'MALLEY: Any questions? Okay. All right.

MR. FREDERICK: Governor, sir, we do have, in the interest of time we are willing to limit our speakers. We are willing to limit it to ten if that is helpful. And at your direction at any time, I'd be willing to call them up.

SECRETARY MCDONALD: When you say your speakers you are talking about all the people in favor, not Dominion's speakers?

MR. FREDERICK: I'm sorry. That's correct.

SECRETARY MCDONALD: Okay --

MR. FREDERICK: All the people, I'm the only speaker unless you have questions for Dominion, and it is all the ones in favor, yes, ma'am.

SECRETARY MCDONALD: Okay. Right. Right. So currently . . . there are about 63 people who signed up to testify in favor and I guess that

we're saying that maybe they can sum it up with ten people. Would you like to hear the opponents first?

GOVERNOR O'MALLEY: Yes, this is what we're going to do. I've got this. I've chaired these before.

SECRETARY MCDONALD: Great, thank you.

GOVERNOR O'MALLEY: Let's hear from people that are opposed for a little bit.

SECRETARY MCDONALD: All right. Would Ms. Tracey Eno come up please? And I have a handout from Ms. Eno.

GOVERNOR O'MALLEY: Thank you.

SECRETARY MCDONALD: Please introduce yourself for the record.

MS. ENO: Sure, thank you. Can you hear me okay? I don't know if I need to move that. My name is Tracey Eno and thank you very much for recognizing me and for hearing me today. I represent Calvert Citizens for a Healthy Community. We are a group of residents that are concerned about the negative impacts of the Dominion Cove Point LNG plan. I appreciate your broad view, Mr. Franchot. We can't really talk about oysters or going boating or aesthetics or economics without putting all of that under the umbrella of safety for the residents.

The pier will be temporary but if the LNG facility is built the risks will be permanent. We may be the minority but we have the most to lose because we live close by. For us, it's not just about a job or a stock dividend, for us it's our homes and our neighborhoods and where we feel safe and where we go home after work.

Our most serious concerns are for the safety of people living closest to the plant. This proposal is not, as Dominion would have you think, simply reversing the flow from import to export. The reason that they need the pier in Solomons is in order to barge in industrial equipment to build a large scale liquefaction train in order to chill the gas into liquid. When operational that liquefaction train will contain huge quantities of highly compressed liquefied propane and liquefied natural gas, both of which are flammable and explosive. One end of that liquefaction train will be located approximately 850 feet from the front doors of houses on Cove Point Road. My point is that this is not a remote location. If you compare to other places that are considering this, if you just look at a Google map, you don't see houses literally across the street.

Cove Point Road is a two-lane road. Hundreds of residents will rely on that as their only evacuation route in the event of an emergency. The map you have in front of you shows 265 houses in three neighborhoods located past the gate that will be stuck if there is a problem at the plant, whether it is natural disaster, an act of terrorism, or an accident.

We believe that the National Fire Protection Association has -- oh, I'm sorry. The liquefaction train will be very similar to one that was involved in violent explosions at an LNG export plan in Skikda, Algeria in 2004. Those explosions flattened a steel building, destroyed heavy steel equipment, and resulted in significant injuries and loss of life. It has happened before. This is why we are scared.

We believe, however, that the National Fire Protection Association has wisely incorporated the lessons learned in Skikda by including a quantitative risk assessment, or a QRA, in its most current edition of its Fire Safety Standards for LNG Terminals. This is called NFPA 59A Version 2013. The current NFPA standards provide certain component failure probabilities to be used in such a QRA. However, inexplicably FERC used the 2001 version, which does not require a QRA. LNG exports weren't even considered in 2001. This is like software for your computer, it gets updated every few years. Why would you not use the most current version?

Governor O'Malley, we told you about FERC's failure to apply the most current fire safety standards in a letter dated June 8th. We also briefed Abigail Hopper, the Director of Maryland Energy Administration, on this fire safety issue in a meeting with her a month later on July 8th. We have asked you as the highest ranking official responsible for the public safety in Maryland to commission a QRA study for the current expansion in accordance with NFPA

59A 2013. Our request has precedent. The Maryland Department of Natural Resources produced QRA studies for the proposed LNG import terminal for Sparrows Point in 2007 which you went on record to oppose and asked FERC to deny, and sent a 90-page advisory to that effect. They also did a QRA for the last expansion of Cove Point in 2006. The last Cove Point QRA could easily just be updated to include the risks for the new expansion.

Governor, your silence on the issue we can't understand. You spoke out for the people at Sparrow's Point. If you substitute the word Cove for Sparrows, we have many of the same concerns. What are you afraid that the public will learn if a QRA is done?

If it is built Cove Point will only be the second or third LNG export facility ever built in the lower 48 states. This is relatively experimental. It hasn't been done before. We are the guinea pigs. There are only about 28 LNG export facilities in the world today and one of those has already suffered a catastrophic mishap. Cove Point would have the unfortunate distinction of being the first LNG export facility in the history of the world to be located in such a highly residential area. It will be operating 24/7/365, within 4,500 feet of about 360 houses, and next door adjacent to a public park with little league ball fields, tennis courts, and a swimming pool.

If the safety standards that are embodied in NFPA 59A 2013 were not written for the residents of Lusby, who were they written for? Lusby

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residents deserve and will insist on the vital fire safety mitigation measures prescribed by NFPA 59A 2013 whether or not the project is approved by FERC. This is a minimum safety we are asking for.

Governor O'Malley, you are the highest ranking State official responsible for the public safety of Maryland citizens. Please do not approve this pier unless and until you can prove to the citizens of Lusby that the most current fire safety standards will be used. We simply ask that you please order a QRA for us because our lives could literally depend on it. Thank you for hearing me.

GOVERNOR O'MALLEY: Thank you. Next?

SECRETARY MCDONALD: Ms. June Sevilla.

MS. SEVILLA: I'm June Sevilla. I'm an engineer and resident of Cove Point. I thank you, Governor and Board members of the Board of Public Works, for the privilege to plead with you today to deny Dominion's Cove Point license. First for the reckless endangerment of a key critical infrastructure, the Governor Thomas Johnson Bridge, or T.J. Bridge, our only evacuation route for nuclear and LNG incidents. Now the MDE report that is before you with the recommendation, they mention safety but they said it wasn't their purview. That their purview was strictly for wetlands. They also in other specifications for the oysters, they were very careful about the construction but there was never anything said about what pollution, the tugboats, and the barges will place those

oysters on on very critical times when they reproduce and this is very significant for the health of the Chesapeake Bay.

In the same document that is being recommended nobody has looked into the safety risk of the T.J. Bridge because in this license everything is fragmented. And I would like at this point just to digress a little bit from what I have prepared here I believe to answer Mr. Franchot's questions about Dominion's record.

Dominion has started working on area A, which is also critical, lay down before they got the approval from the U.S. Army Corps of Engineers to disturb the wetlands that are in the terminus of Cove Point Road. The excuse was they were only doing road work. But we the citizens who pass there every day know that they have excavated a lot. They have sold our county soil, tons and tons of soil for profit, whether they gave it to their contractor or, you know, or it made their contract cheaper, I don't know. But those were things that we noticed. And if you look at that area now and you look at it before, it is not the same. They have also started work on water and sewer and I will speak to that in a little bit. And the approval, I am told from MDE has not been given. So why work on that?

And the other thing is I disagree with Mr. Frederick saying that only 170 square feet of Pax River will be disturbed. That is according to construction, but when the barges come in there they will be disturbing more than

that trying to dock over those oysters. Because by the time you add the length of the pier, the barge, and the tugboat, they will be within 600 feet at least of Pax River. So let me continue.

Historic artifacts were explored underwater for this license, but nothing was done to determine how the construction and hammering of Dominion's pier would impact the already cracked and weak support structure of the bridge, and how Dominion's project could impact the load on the bridge including high risk of barge collisions with the bridge. In 1980 an experienced harbor pilot collided with the Tampa Sunshine Bridge pier, the pier toppled taking the roadway with it, and sent 35 people plunging to their deaths. This prompted new bridge design specifications. But the T.J. Bridge constructed prior in 1977 was engineered to carry a load of only 1,400 vehicles according to the reports, and that is daily. And now 30,000 cross over daily, at risk because of design issues and structural deficiencies, huge holes in its underwater supports, and in 1988 reinforcement looks like Band-Aids and super glue. I have given you a handout. You can see the pictures. It looks like this.

Now this tidal wetlands license places Dominion's 166-foot pier from the shore, a 75-foot tugboat, and a 270-foot barge loaded with 150-foot long equipment, weighing 330 tons less than 100 feet from the already weak supports of the T.J. Bridge. That is very close. I have gone there and launched boats in the boat ramp and the clearance from where they are going to start construction is just

25 feet and just a little bit more than 25 feet. If you are there, down in the ground launching a boat, we launch towards the northeast section because if you go to the southeast section, if you go to the southwest you are going to be in collision with the T.J. Bridge. So having a barge loaded heavily like that with heavy cranes and you have the pictures, I have them, I gave them to you, this is the type of equipment that will be on that barge at night, an industrial, noisy, very brightly lit, disturbing the homes and the Naval Recreation Center campers right next door to the T.J. Bridge. And if you look at what it is trying to squeeze, these two are very small in comparison. That is the liquefaction train. That is going to be squeezed into that footprint. Very, very close. Closer than normal. From an engineering standpoint, with all those flammables, it's pretty dangerous.

Now accidents happen. And construction close to the bridge had resulted in disaster in Minneapolis costing over \$100 million, and that accident was in 2007. And last May, two months ago, in Riverside, California seemingly unrelated construction activities near the bridge caused it to collapse and kill one worker. Governor O'Malley, you authorized \$20 million to study the T.J. Bridge alternatives and I gave some input to those alternatives when it came around. Because it is old and weak, and the estimate to replace it is \$800 million. So far, no money to fund the bridge. Furthermore, the Highway Trust Fund, our federal funding for roads, bridges, and transit systems is on a course to becoming insolvent by August jeopardizing America's infrastructure and its economy. The

Trust Fund runs out in 36 days. There is a backlog on bridge funding. So why does this vital and critical bridge used by commuters, 30,000 commuter vehicles daily, many of whom are supporting the military and homeland security, for the convenience of Dominion? It doesn't not make sense, especially when the PSC says that this project is a negative for the State of Maryland and for the region. It isn't a positive. We don't benefit from it at all. As a matter of fact it puts our, with the invasive species and everything else that is coming through, national security is an issue, and I can talk about that some other time because you probably don't want to hear it here but I am very conversant about that. And also the way the barges are escorted over to the bridge becomes pretty precarious for anybody crossing the bridge.

Dominion's public image as an environmental steward is not accurate, as Dominion has violated wetlands laws. One I cited previously. For this project after ten years of dumping stormwater and ten thousand gallons per day of toxic copper condensate to the Cold Point Marsh which they are supposed to be monitoring and saving, there are 40 endangered species in there. Nobody has looked whether or not they are alive and copper is highly, highly toxic. When you look at the NPDES permit, which I did in 2012, and their renewal, that is how I found out about what was happening. They have two outfalls, one they use biomonitoring and they kept moving. If the fish didn't die, you know, then it's okay and it's just the pH. It doesn't analyze whether the fish have any

carcinogens or what their health is. And that wastewater is emptied into Grace Creek, which is a tributary that falls into the Chesapeake Bay, affecting the health of the Bay.

The other thing is we have one condensate which at that time they did have a license. This 10,000 gallons of toxic copper and toxic iron through the marsh. I know this because I asked for a public hearing on it. And I asked MDE at that point in time could you please stop this? Because there's 40 endangered species in there, we are flooding in Cove Point Beach, and the health of the marsh is really at stake. It is the biggest freshwater marsh we have. And the excuse of Dominion was it was not in their budget. They were supposed to truck it out. So lo and behold when I read the EA of FERC it says that their condensate is now going into our sewer system. Well, EPA regulations say that if you put toxics into your sewer system you evade the Clean Water Act. So what happens? Dominion's problem of getting rid of their toxic copper and toxic iron condensate now all of a sudden becomes a Calvert County and Maryland State problem because toxic copper will kill the bacteria in the Solomons Wastewater Treatment Plant. And that treatment plan is right on the other side of the T.J. Bridge. You will pass it, okay? The Navy Recreation Center also uses the treatment plant. They replaced their own filter sands. But right now that is very precarious.

There is a license pending before MDE that will approve this and I have opposed it. I have spoken to our Board of County Commissioners, and so

far they fell on deaf ears. So eventually Maryland will be holding the bag. Now the taxpayers will be stuck with the problem of toxic waste cleanup. So protecting the Pax River oysters are in jeopardy because when Dominion can they do cut corners. I can see this and I can state this to you because I have seen it because I have been monitoring it for the past couple of years since they opened the plant.

So for reckless endangerment of a critical infrastructure and violations of wetlands law, I plea that the Board deny this license. But, should you decide to grant it, then hold Dominion financially liable now. Demand that Dominion escrow \$800 million for bridge rebuilding, because they put it in danger. Plus at least \$2.5 billion to cover wrongful death and injury claims, plus \$40 million in Superfund for toxic waste cleanup as a minimum condition for granting this license.

You said, Governor, keeping Marylanders safe and secure is the most sacred responsibility of our government. I plead for we the people that the Board of Public Works, empowered by sacred responsibility, deny this license today. And I can answer several other questions. You have my input. I haven't said everything that I really need to say in addition to these handouts. You can read my report. So please, I beg of you. Listen to what we say because we are informed. There are several engineers in our group, Calvert Citizens for a Healthy Community. I am an engineer. I also am a skilled professional in

document analysis. So I have looked at the FERC EA. I have looked at the various things that have been going on with our Board of County Commissioners, and it doesn't look right. Thank you.

GOVERNOR O'MALLEY: Thank you. Next?

SECRETARY MCDONALD: Ms. Eileen Hadley, please.

MS. HADLEY: Governor O'Malley, Treasurer Kopp, Executive Secretary McDonald, Comptroller Franchot, thank you for this opportunity to speak. My name is Eileen Hadley. I live in Lusby on the Chesapeake Bay.

I oppose Dominion's application to construct a pier in the tidal wetlands of the Patuxent River, a pier designed for heavy industrial barge operation to be built in a designated critical area, zoned a limited development area. This proposed pier would be built over known oyster beds 100 feet from the Thomas Johnson Bridge and in an area used for recreational purposes as water skiing and jet skiing.

The Patuxent River and the Chesapeake Bay in the 1880s were the greatest producers of oysters. In 1985, 96,300 bushels were harvested. In 1992-93, zero bushels were harvested. In 2012, 8,419 bushels were harvested. Why abandon a State policy and put at risk millions of dollars invested in these programs that are being successful so that Dominion can export gas to India and Japan from Cove Point on the Chesapeake Bay? Their profit will be in the

billions of dollars while Marylanders will be paying more for gas and fuel energy and our environment will be at risk.

I am concerned for my health. Dominion will be producing toxins during the liquefaction process, toxins such as benzene, hydrogen sulfide, mercury, and heavy hydrocarbons. I ask that the Maryland Department of the Environment verify the State's handling of these substances.

I am concerned for my air quality. Dominion will comply with air quality standards but only through tradeoffs. There will be an increase of 100 percent or more of carbon monoxide, lead, nitrogen oxide, ozone, particulate matter, sulfur dioxide, methane. All of these are hazardous to the health of human beings and wildlife.

A third party needs to review the cumulative effects of toxic air pollutants and report to FERC and to you, Governor, and the public. I am asking for a quantitative risk analysis to be done.

Quoting you, Governor O'Malley, government's most sacred responsibility is keeping people safe. This information is from the May 20, 2014 report from the Calvert County Environmental Commission regarding Dominion's environmental assessment done by FERC. Our Board of County Commissioners ignored it and they chastised the Commission for doing the report, and advised them to put their time elsewhere. This report became public on July 1, 2001 through the efforts of citizens. So Governor O'Malley, members of the

Board of Public Works, I stand here before you and you may be the last resort.

Thank you.

GOVERNOR O'MALLEY: Thank you.

SECRETARY MCDONALD: Ms. Cindy Peil.

MS. PEIL: Good afternoon. I'm Cindy Peil and I live in Calvert County. It's really an honor to speak to three Marylanders who like myself love this State and value its people and really revere its natural resources. And that is why I adamantly call on you to deny this wetlands permit requested by Dominion and make sure that that full quantitative risk assessment is completed. And that again is for the safety of all those people you see on the map who live near the plant. Here is another picture that shows those homes in relation to them. People live there, they need to be protected.

The license request is not in the State's best interest partly because as has already been mentioned one thing always leads to another. The construction of a pier will not only damage the impacted area but will lead to the construction of the terminal. The operation of the terminal will lead to the release of tons of toxic and hazardous and carcinogenic air pollutants every year and also released are tons of particulate matter that is too small for the lungs of residents or the aquatic life to expel.

Also I quote from page 98 of FERC's environmental assessment concerning the release of greenhouse gases. "GHGs in the atmosphere endanger

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public health and public welfare currently and in the future. The pollutants that impact residents also impact marine life. Everything is connected.”

Concerning the ecological impacts, these are the report cards on the Patuxent River and the University of Maryland Center for Environmental Science Mid-Bay Health Index. Both of them give the Patuxent River and the Bay a D.

The disturbance to the wetlands for the pier construction will cause further harm to these already struggling ecosystems that we treasure, including all the oyster reefs. Neither of the reports nor the EA properly considered the negative impacts of noise, light, vibrations on the aquatic life, or the pollution from ships, tugs, or barges associated with the construction of the pier or the operations of the terminal. Deny this permit because of the negative ecological impacts.

Concerning Dominion’s ecology, if you Google Dominion, you will find out a lot of information about how they have been required by other states where they operate plants to pay huge, huge fines for air pollution. BRAP is not enough. If they cannot clean up the air enough that they don’t have to buy pollution credits they should not be allowed to dump it on us.

Concerning the economic impacts. The report by, this report by a variety of economists on the East Coast details how Dominion’s reports, self-reporting significantly overstated benefits to residents of Calvert County.

According to the U.S. Energy Information Administration's January, '13 report, "increased gas exports lead to increased gas prices. The only people who benefit overall economically from the export of LNG are the owners and shareholders of the gas companies. Everyone else loses as the cost of consumer goods rises."

The proposed piers, as already mentioned, with barge and tug, will come within 100 feet of that patched Thomas Johnson Bridge supports. In the event of irreparable damage to the bridge estimates to replace it are huge, near a billion dollars. And that does not include the impact to the people who have to drive over that bridge everyday to work there. A study on how it impacts the bridge must be done. Where is the concrete going to come from if they can build this plant? It's going to be coming over the bridge and down the road, so that is going to impact everything.

No dollar amount has been put on the cost of the health problems caused by the pollution from the plant, which will be built if the pier is constructed. Maryland already has the highest early death rate from pollution of all 50 states according to a recent MIT report. No dollar amount has been put on the income loss to people who make their living from fishing, oystering, crabbing, tourism, or recreational activities that will be impacted. No dollar amount has been put on the decrease in home values. Deny this permit because of the known and the unstudied economic impacts.

How about recreation? Dominion is buying pollution offset credits to allow them to put more pollution in the air than is legally allowed. Many children won't be able to play outside who have asthma and lung disorders. Children aren't safe playing and swimming at Cove Point Park that is right in the shadows of those storage tanks. These are LNG terminal citing standards. They clearly note three hazard zones of concern around the vessels. Quote from the document, "Three miles or more is a realistic hazard zone." The Bay is only about four and a half miles wide at that docking pier that they are going to be using. Quote again from the citing standards, "Long, narrow inland waterways are to be avoided. Ports must be located where they don't conflict with other waterway uses, such as fishing and boating." Dominion isn't following its own industry standards.

Here's a couple of maps. This is a big waterway. This Gulf is a big waterway, that is where the only other terminal in the country is going to be located. This is the Chesapeake Bay. It is a narrow waterway. It clearly states they shouldn't be located there. And the point where the pier is located to the other side is only four and a half miles. If you look at the fact that the pier is about a mile and a half offshore, and it is supposed to be three miles around the boat, where are the recreational fishers, boaters, other people supposed to use the water? Deny this permit.

Concerning developmental impacts, the area around the proposed terminal, as you have already seen, is already developed, it is already developed. If you look at just two miles, which is what was evacuated when that gas plant blew up in Washington State, there are 2,365 homes within the two-mile radius and if it's going to go out farther, as you can see from your maps, it's still developed. Dominion Cove Point is what should not be developed any further. This terminal is completely contrary to Calvert County's master plan. People live there. There is the plant. There's some of the homes. Deny this permit.

And the last thing mentioned in the document that's going through review were the aesthetic impacts. Here's an LNG export terminal during the day, here's an LNG export terminal at night. It's lit up 24/7. Here are some different pictures of the Bay. These are the ones most people like to look at. Here is another picture of the Bay. Most people would say the photos of the Bay without the terminal are a lot more aesthetic.

Fellow Marylanders, you are indeed, as has been mentioned, our last resort. Preserve the safety of the people. Preserve the wetlands. Honor what we do here in Maryland. Be strong. Safeguard our environment and safeguard our people and deny this permit. Thank you.

GOVERNOR O'MALLEY: Thank you very much. Okay.

SECRETARY MCDONALD: Governor, that concludes the four interested persons who were --

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GOVERNOR O'MALLEY: Okay. Do we want to hear from four people that are in favor? Or Mr. Frederick, do you want to respond to the allegation that you are pumping, that your company, your client is pumping toxic copper and iron oxide into the Cove Point Marsh?

MR. FREDERICK: Sure, I would be happy to respond to that. So the marsh in reference is the one I talked about that actually, we basically restored or saved, if you will, during the project we did in 2011. Basically it is a Maryland Natural Heritage Area and we used dredge material from a project that we were doing right there at the offshore platform to reinforce the beach that saved the marsh. I say it saved the marsh because the University of Maryland Chesapeake Biological Lab is part of that permit, does a 20-year analysis of data that we give them. We had three monitors in the marsh that measure pH, salinity, virtually everything. That data is supplied to the Chesapeake Biological Lab at the University of Maryland, they do the analysis. So I would tell you that that would show if we were and we're not. And the second thing I can tell you is that specific to that right now, you know, we have been, so there is an example of something that came up, the copper content in the water, came up somewhat unexpected higher than we thought it would be. So we have been trucking that in an approved manner to an offsite disposal facility.

I mean, what we do with waste material, we do generate some waste material. What we do is dispose of it in a proper manner. And quite

frankly the, I mean I'll just say the comments from the sewer perspective, with all due respect to June, I mean, we wouldn't be authorized or permitted to do that if it wasn't okay as far as the sewer line and the septic plant, or the sewer plant operation.

GOVERNOR O'MALLEY: Anybody here from MDE familiar with that one? Because I imagine MDE was the regulatory entity --

MR. FREDERICK: Yes.

GOVERNOR O'MALLEY: -- that told you that you were putting, that --

MR. FREDERICK: Well, we discovered it. But we did the modification or the different disposal plan with MDE, yes.

GOVERNOR O'MALLEY: Okay. All right. Mr. Comptroller?

COMPTROLLER FRANCHOT: Could you just comment on the statement that Maryland energy consumers may be paying higher rates after this plant is in operation?

MR. FREDERICK: Yes. So what I would say to that is first off Maryland energy consumers, as well as many consumers in the U.S., are paying lower prices right now for natural gas in general. But relative to increase, the studies that were done by DOE, Department of Energy, and the Energy Information Administration, EIA, the independent federal bodies, basically conclude that if you only allow a certain amount of export of the surplus natural

gas that will be available post-2016, price impacts are very small. I would tell you that in the CPCN process we have agreed to an \$8 million contribution at the PSC's request to the Maryland Low Income Energy Fund as a way to mitigate that potential occurrence. I personally don't believe that is going to occur, but we, that is the mitigation that we agreed to in the CPCN process.

GOVERNOR O'MALLEY: Okay.

TREASURER KOPP: Yes, I don't, has the Department of Transportation looked at the question of the health of the Thomas Jefferson --

GOVERNOR O'MALLEY: Thomas Johnson.

TREASURER KOPP: -- Thomas Johnson Bridge? We hear allegations about it. Has that been --

GOVERNOR O'MALLEY: I don't know that we have anybody here from --

TREASURER KOPP: You looked at the question --

SECRETARY MCDONALD: -- usually we would have the Secretary of Transportation or State Highway available, but we don't have them here--

TREASURER KOPP: Right. That's why I keep looking at our --

MR. FREDERICK: Could I offer?

SECRETARY MCDONALD: Yes --

MR. FREDERICK: So the State Highway Administration --

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TREASURER KOPP: Right. Right --

MR. FREDERICK: -- as part of the cooperating agency process with PPRP was involved in the review of the whole project.

TREASURER KOPP: Yes.

MR. FREDERICK: And then when you look from a waterway safety perspective, Coast Guard and Corps of Engineers are the ones that really are responsible for making sure that whatever happens on the waterway is safe and we have worked with --

TREASURER KOPP: Well we did talk about the impact of the piers and the tugs on the bridge. Questions were raised about the bridge itself, I gather. And --

MR. FREDERICK: Yes, I'm sorry. I can't answer the bridge itself. I'm telling you we are going to keep it safe.

TREASURER KOPP: But the folks who have authority over the bridge were at the discussions?

MR. FREDERICK: Yes, they were involved in the cooperating agency process both at the State and the federal level. Because PPRP is involved with the federal level.

MR. SETZER: Treasurer Kopp, everything that we have seen in terms of comments from the State Highway Administration, there wasn't any

indication that they had a concern about the construction of the pier and its impacts, potential impacts on the bridge.

TREASURER KOPP: QRA, what is the substantive difference between a QRA under the NFPA 2013 and what in fact was discovered?

MR. FREDERICK: Okay. So let me start with the substantive difference between the approach that was taken and a QRA. And that really is, in a QRA you determine probabilities of failures of whatever, equipment, systems. And then you also factor in what safety systems you have or preventative systems that you have in place to mitigate that. So it's a, the very conservative approach that FERC PHMSA takes is, we don't care what systems you have in place to detect and prevent or shut down. What we want you to do is, if this pipe is going to fail, and it ignites, what is the consequence of that from a public safety perspective? And actually we have designed ours to remain on the property in those eventualities.

Now specific to 2013, again just very quickly, chapter two in the 2001 version is the siting requirements that PHMSA has put forth, that FERC and PHMSA uses.

TREASURER KOPP: Right.

MR. FREDERICK: Chapter five is the chapter in 2013. Chapter five and chapter two from a how our facility would be designed are virtually no different. Then in 2013, version chapter 15.1.2 says if you can't meet those

stringent requirements of chapter five you can request that a QRA be done as an alternative to those siting requirements because you have the ability to bring in other like safety --

TREASURER KOPP: Mitigation.

MR. FREDERICK: -- yes. So that is why I am saying what FERC and PHMSA uses is a very conservative approach.

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: Can I just ask a quick question? I'd like to find out whether Dominion or MDE has an opinion on your operations and imports facility? How many years have you been operating as an import facility?

MR. FREDERICK: Well the facility has been there since 1978. Dominion has operated it since 2002. And just from an import shipping, are you asking from a shipping perspective?

COMPTROLLER FRANCHOT: Mm-hmm.

MR. FREDERICK: 1978 to 1980, there were 90 ships. From 2003 to current we have had 330 additional ships. So --

COMPTROLLER FRANCHOT: I'm just wondering whether you or MDE, I'm not sure whether that's the right agency, have there been any meaningful environmental consequences during that time, other than, I heard the testimony about the --

MR. FREDERICK: You heard what?

COMPTROLLER FRANCHOT: -- copper or whatever it was that was, I understand that. But are there any meaningful environmental consequences to the operation of that facility as an import facility since 1978 to your knowledge?

MR. FREDERICK: My answer would be no.

COMPTROLLER FRANCHOT: And MDE, are you the right agency?

MR. SETZER: I am not aware of any consequences at the current facility.

COMPTROLLER FRANCHOT: Thank you, Governor.

MS. SEVILLA: May I be permitted to say something?

GOVERNOR O'MALLEY: Sure. We've got 19 minutes to go.

MS. SEVILLA: With regards to the problems that we at Cove Point have, number one is a noise issue from the expansion. There is noise in there that has been disturbing the residents and the residents have complained and asked Dominion to mitigate it that they were supposed to and up to now they haven't. So the noise analysis that was done for these compressors, they are very, very noisy. And the light pollution, both noise and light pollution impact to wildlife has not been examined, because what was done in the expansion a couple

of years ago is not the same as liquefaction. They are two different operations, totally different.

So those two issues on environmental, and in 2007 I had complained about the hazardous air pollutants. I was before you, Governor, I don't know if you remember that time. And it was never resolved. Because there are no, there is no way that Dominion was required to do anything about hazardous air pollutants, they just go up into the air. And at that time I was looking at the Maryland toxic air parameters. Benzene was at 200 percent, and formaldehyde I believe was at either 30,000 or 35,000 percent over toxic air parameters. And that has never been resolved. So when they work as an import and export you have to take into consideration their current operations versus future.

And in 2012 when I had asked about the toxic copper, that was at 67,000 percent, acutely toxic to aquatic animals. I was appalled when I saw that. And the reason that they said that they didn't need a permit was because it was only 10,000 gallons per day. Multiply that 365 days a year for ten years, and that is how much toxic copper is in there.

And the one thing that I forgot to mention is when you put that into a sewer system by EPA rules, right now they are under NPDES permit and that is how I knew it because it was renewed in 2012. They had been operating on an expired permit on outfall one from 2006 until 2012 and finally when they

renewed their permit in 2013 and that is how I knew all those figures. But to my knowledge they knew that they were, from their air separation unit, they knew that those toxins of copper and iron were highly toxic to aquatic animals and that percentage. And it still continued. Because I appealed to MDE, please stop right now. You have given them seven years, don't give them three more years. And to my knowledge they stopped the stormwater, okay? So I guess they have, they now have a stormwater prevention plan. Because at time they didn't have it either. And we were flooding and I was wondering what was causing the flooding. And in the same outfall, too, stormwater and toxic and copper and toxic iron were being poured into the Cove Point Marsh.

So the beavers left. We had a beaver problem, we don't have a beaver problem now. They were smart. They moved over to Cove Lake where Eileen lives. And all our trees are dead. The marsh is not really flourishing. We are no longer, we are no longer flooding, but I am appalled that the nor'easter was blamed for breaching the marsh. If that marsh was healthy that nor'easter wouldn't have breached it. And so yes, I'm glad that Dominion repaired it. But the problem was already done. And what appalled me is that that same toxic condensate is going to be with this EA placed into our sewer system and we just can't handle that. And our Board of County Commissioners just roll over. Thank you.

GOVERNOR O'MALLEY: Thank you. Okay, let's hear from four more people that are in favor, and then we will hear from four more people that are opposed.

TREASURER KOPP: -- can hear a response to --

COMPTROLLER FRANCHOT: Governor, could I just interject on a personal note? I see one of my predecessors, Comptroller Swann. He was a longtime valuable person in the Comptroller's Office as the Deputy Comptroller. And on Comptroller Goldstein's death he was for a year the Comptroller of the State of Maryland. So I'm kind of partial to him. I don't know whether he is, would like to say something but --

SECRETARY MCDONALD: He is indeed registered on the speakers list, Mr. Bobby Swann.

COMPTROLLER FRANCHOT: Oh, good.

COMPTROLLER SWANN: It's a little bit nostalgic for me to stand here today.

COMPTROLLER FRANCHOT: Yes.

COMPTROLLER SWANN: Governor, Madam Treasurer, Mr. Comptroller, I am reminded of the hearings held for the Calvert Cliffs Nuclear Power Plant and for the 1970s hearings on what was then the Columbia Gas El Paso LNG Terminal, which is today Dominion Pier. I sat in the same seat that Mr. Foxwell is sitting in for those hearings and I can tell you that this went on for

quite a long period of time. Both of those things came to be. And as a Calvert County native and resident, I'm so happy that we got it. Because we were one of the poorest counties in the State of Maryland prior to that. If Louis was here, he would tell you that.

I am an adjoining property owner to the wetland permit that is in front of you today, and I am here to tell you that I am favor of that. I am in favor of the Dominion project. I know that Dominion has been here for the last ten or 11 years. They have been certainly a great corporate sponsor of many things in our county. Their community outreach is second to none. And I think with the exception of some of the people that live next door to them in this day and time, most of the people will tell you that they are very happy with Dominion and how they have done at the plant.

I know that it's a difficult decision for you and, Mr. Comptroller, you are certainly correct that if this permit is not approved then the project ends. So it's a difficult place that all of you are placed in. I would hope that you would approve the permit. And I'll leave it in your good hands. And I know that you will give it every consideration and come to a reasonable solution.

So it's good to be here again. But I don't plan to come back anytime soon.

(Laughter.)

COMPTROLLER FRANCHOT: Comptroller Swann, maybe you can comment on the noise and light pollution. Is that something that --

COMPTROLLER SWANN: Well I'm not close enough to Dominion Power for that to bother me. I can tell you there's a lot of light pollution around, though. I don't know what, there's light pollution everywhere. I look out my front door and the Calvert Marine Museum is next door to me and they have light pollution. It's really everywhere. I don't know how it affects them at Cove Point, which as I say is a few miles up the road from where I'm at. Or the noise as far as that goes.

COMPTROLLER FRANCHOT: Come back whenever you want to.

COMPTROLLER SWANN: Thank you. I appreciate it. Nice to be with you all.

GOVERNOR O'MALLEY: Thank you, Mr. Swann. Thank you. Other people want to testify in favor?

SECRETARY MCDONALD: Mr. Clark, Mr. Coles, Mr. Scarafia, Mr. Sorensen, do the four of you want to come up --

MR. FREDERICK: Would you mind if I called up a few people? Or --

SECRETARY MCDONALD: Well, yes. But, I mean, we have people who did ask to speak but yes--

MR. FREDERICK: Okay --

COMPTROLLER FRANCHOT: Yes, could I just, hang on for one sec. Does everybody who has signed up for this project want to speak? Is there not some way you could select three or four and then if someone has a burning desire to come up and speak? Otherwise we are --

MR. FREDERICK: Yes, sir. We can --

COMPTROLLER FRANCHOT: How much longer do we have? Another hour?

GOVERNOR O'MALLEY: Ten minutes.

MR. FREDERICK: We can, we can, there are a couple of speakers we would like to have. But no, not, what we are willing to do is the rest of the speakers are here to speak in favor. We don't need to do that, in the interest of time. We would like to call a couple specifically --

SECRETARY MCDONALD: Well what I can say for the record, to let you know right now, we currently still have 60 people who wanted to speak who are for so the record can reflect there are 60. In addition we have five other members of the public who would like to testify against. So that is what we have left. So the record can reflect, you know, 60 requests for, and five against. And you can call who you think is --

MR. FREDERICK: I'm sorry, I didn't answer your question.

SECRETARY MCDONALD: No, go ahead --

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MR. FREDERICK: We will do what you want, Governor. If we could get four more it would be --

GOVERNOR O'MALLEY: Well, let's do this. Ms. McDonald, how about letting me run the hearing, and how about you call who you want.

MR. FREDERICK: Okay. Gerry Clark?

MR. CLARK: Good afternoon, Governor, Mr. Comptroller, and Madam Treasurer. I'm Gerry Clark, County Commission from Calvert County, in the 1st District of Calvert County. I had the pleasure of the Comptroller and the Treasurer, hosting them at the Marine Museum. Governor, we would like to get you down there too, and we thank you very much for all your support of the Calvert Marine Museum over the years. And Governor, thank you very much for the dollars that you put in to keep the Thomas Johnson Bridge replacement moving forward over the years. I appreciate the --

GOVERNOR O'MALLEY: And thanks for noticing. It took us a while to do the transportation revenue modernization. Hopefully if the federal government joins the 21st Century we'll all get there.

MR. CLARK: Okay. Well, we hope that happens.

Okay, I'm here to speak to you in support of this wetlands permit on behalf of the Board of County Commissioners of Calvert County. The five members of the Board of County Commissioners of Calvert County support this project 100 percent, including the wetlands application. And I've got to say, in

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my 12 years of public hearings and supports, your Board of Public Works hearings are just as much fun as ours.

(Laughter.)

MR. CLARK: Obviously this is a very important project, not just for the State and the nation but it is an important project for Calvert County. The Calvert County Board of County Commissioners has looked at all the environmental and all the effects, the pros and the cons of this development, on the citizens in Calvert County. And we have made a decision by looking at all the FERC documents and all the other documentation that we have had come into us and the people that we have had come and talk to us, that this is a project that we support and want to see continue to move forward.

Obviously there will be people that will say that the only reason the Board of County Commissioners will support this project is for monetary reasons. I can tell you that's not true. Because you will find no other Board of County Commissioners in the State of Maryland that I believe is any more interested in environmental concerns and the health and welfare of their citizens than the Commissioners of Calvert County. Over the last 20 to 25 years we have preserved close to 30,000 acres of farmland for ag preservation. We have a town center system in our county, where we direct our growth and our sprawl into the town centers. This little piece of property right here with this 170 square foot of wetlands that is being debated today could very easily be 200 or 300 townhouses

because there is public water and sewer there and you can obviously see the farms to the south, the fields to the south. That could be that, too. But the folks that own that property have a very strong feeling towards Calvert County and have always respected the agricultural process of Calvert County and have kept it that way.

Our zoning ordinances are as strenuous as most any county when it comes to critical area. I happen to serve on the Critical Area Commission with Gary on a monthly basis, thanks to the Governor's appointment to that. We enjoy that very much. It is very educational. I have learned a lot about this. I know that the Critical Area Commission has looked into this issue of this wetlands permit immensely and are satisfied with the conditions that are being placed on it.

And I don't want to take a whole lot of time, I want to keep this moving for you, but please, we believe this is the right thing to do. We believe this permit is in the best interests of the citizens of Calvert County, the State of Maryland, and for the nation. And we thank you very much.

GOVERNOR O'MALLEY: Okay. Thank you. Mr. Frederick, who is next?

MR. FREDERICK: Is Al Jeffrey here? While Al is coming up there is one thing I would like to answer, Mr. Comptroller. You asked about the noise, you asked Mr. Swann about the noise. Just so you know, the same level of noise that we are required to operate within now is the same in the future. So it is

the 55 dB requirement. And no matter how much equipment we add, we have to comply with that.

TREASURER KOPP: And light pollution also?

MR. FREDERICK: Yes -- I'm sorry, Al. It's designed to mitigate and limit light pollution. I'm not going to stand here and tell you that there's not any lights on the facility. But the whole plan for the export project is designed to limit and mitigate light pollution.

MR. JEFFREY: Good afternoon, Governor O'Malley, Mr. Comptroller, Madam Treasurer. My name is Alfred Jeffrey. I am representing Calvert County, Maryland, Department of Public Safety, Division of Emergency Management. I am here to speak to you about safety in the Cove Point expansion project in Lusby. My hope is to leave you with a full understanding or better understanding of how public safety engages with Dominion, what public protections exist today, and the outstanding relationship our first responders have with Dominion.

Part of my responsibilities with the county are to ensure that our emergency preparedness plans are current and up to date, to identify any gaps in the capabilities, to respond to any incident, and then develop programs, policies, standard operating guidelines to close those gaps. I work closely with the Calvert County Volunteer Fire Departments and the County Hazmat Response Team to

ensure that the needed training and equipment to respond to any possible incident that might arise at the Dominion Cove Point facility.

Calvert County consists of nine all volunteer Fire and Rescue EMS Departments and the Hazardous Materials Response Team, which is enhanced by 19 SOTs, special operations teams, deputies from the Calvert County Sheriff's Office, that work to protect the property and save lives in our communities. We take this responsibility very seriously. We are prepared for all types of emergencies, including those that may be related to the Dominion Cove Point facility.

Over the years Dominion has worked closely with our Fire Rescue EMS and the Hazmat Materials Response Team to ensure we have the proper training and equipment to respond to an incident at Cove Point. We have trained at the facility with Dominion emergency personnel and some of our responders have attended specialized LNG training programs in other states at Dominion's expense. Dominion is committed to continue this training in the future to ensure that first responders have the training and knowledge needed to respond if an incident were to occur at the Dominion facility.

In Dominion's efforts to ensure the fire departments continue to have the training and equipment needed, Dominion reached out to our first responders to conduct an emergency preparedness needs analysis. The fire departments identified additional training and equipment needs that Dominion

and the departments are working towards providing to ensure the members that respond have the knowledge and equipment to safely and effectively respond to this incident. While this training and equipment will enhance the Fire Department's ability to respond to an incident at the Dominion Cove Point, it will also increase capabilities of the Fire Departments to respond to incidents in their communities to assist their neighbors.

Dominion is committed to working with the Fire Departments to increase their capabilities in such areas as high angle rescue, confined space rescue, hazardous materials response, structural collapse response, below grade rescue response, heavy machinery rescue, and motor vehicle rescue, and specialized fire response. This training, again, while having a direct benefit to Dominion project, also increases the Fire Department's capabilities in providing these services to the community.

Dominion is not just in this for the short term. They have also committed to assist in the annual recertification and additional initial training to ensure that the Departments continue to have these capabilities in the future. We are pushing ahead with those training and equipment initiatives with 100 percent cooperation from Dominion, even though the expansion project has yet to be approved by federal and State regulators.

There continues to be a lot of rumors in the community being spun up by self-appointed experts stating that our first responders are not prepared, are

not trained, and are not ready and able to respond accordingly to any incident related to the Cove Point facility. As a Retired Assistant Fire Chief with the District of Columbia Fire Department, I have been the incident commander on literally thousands of incidents in my 40-plus year career. I can assure you without a shadow of a doubt that the rumors are false. The Calvert County Fire Departments are prepared to respond, take appropriate actions to handle the consequences of any incident that might arise at the Dominion Cove Point terminal. Our first responders are prepared and they are committed to this preparedness, period.

There also continues to be a lot of rumors that a thorough risk analysis has not been considered. I can assure you that these rumors are also false. The Calvert County, the Cove Point facility has been thoroughly studied and safety and risk is more than adequately addressed by the experts at the Federal Energy Regulatory Commission and the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration. In their review of the project they found that operations at Cove Point will not be a risk to the local residents. Further, this finding is also consistent with reviews of other proposed U.S. facilities.

I would not appear before you today unless I was confident that we are prepared and ready to respond in the highly unlikely event that there is an incident at the Dominion Cove Point facility. I also would not appear before you

if I knew or believed that there was an inherent risk to our citizens, families, and neighbors. I am confident that we are ready, willing, and prepared to respond to any incident that might occur and we will continue to strive for continued improvement. Thank you, and I would be happy to answer any questions.

GOVERNOR O'MALLEY: Questions? Any questions? Okay, thank you very much.

MR. JEFFREY: Thank you.

GOVERNOR O'MALLEY: Next?

MR. FREDERICK: Paulette Hammond.

COMPTROLLER FRANCHOT: Could I just ask one question?

MR. FREDERICK: Of me?

COMPTROLLER FRANCHOT: Yes. One of your speakers, or you perhaps before the witching hour arrives, could summarize for the public record the aggregate fiscal and economic benefits of this project to the State of Maryland over its lifetime, particularly jobs, economic activity, tax revenue, so that at least it is on the record.

MR. FREDERICK: Would it be acceptable to do one more speaker and then I will do that?

COMPTROLLER FRANCHOT: Sure.

MR. FREDERICK: Paulette?

MS. HAMMOND: Good afternoon. My name is Paulette Hammond and I am here representing the Maryland Conservation Council, MCC, as its President. The MCC is one of the oldest environmental organizations in our State. We were established in 1969. Our mission is focused on the protection of Maryland's natural heritage. Over the years we have learned the best way to judge what a company will do in the future is to look at how it has consistently operated in the past.

Dominion Cove Point LNG and the Maryland Conservation Council are party to a 2005 legal agreement which protects the ecology of the land outside of the fence that surrounds the industrial area of the Cove Point LNG plant. Therefore we have had a tremendous opportunity over the years to work closely with Dominion and see their pattern and practice of operation. I can say unequivocally that over the years that Dominion has owned the property, their concerns for its ecological preservation have been above and beyond expectations.

They have been particularly proactive in pointing out potential threats to this ecology and in offering to help prevent them from materializing. They have often gone well beyond the legal requirements of the agreement at the expense of both direct monetary cost and donation of their employees' time and effort.

The most outstanding of these voluntary actions is the restoration and protection of the freshwater marsh, which was breached by the Bay during a violent storm several years ago threatening one of the rarest collections of freshwater plants in the vicinity of the Bay. This marsh is so unusual that it was designated a Natural Heritage Area by the Maryland DNR. As part of Dominion's past enlargement of the tanker pier, it went to the expense of building a revetment and breakwater extending for thousands of feet and of rebuilding the eroding beach. This effort has been extraordinarily successful so far in restoring the freshwater marsh. This step not only cost them several million dollars but it required many hours of executive and staff time to get the permits necessary from three or four regulatory agencies. All this effort was entirely voluntary on Dominion's part. The agreement did not oblige them to do any of it. And the marsh restoration is only one of many instances when Dominion went out of the way to offer help where they had no legal obligation to do so.

Another example is as we have seen Dominion's agreement to enhance or rebuild the local oyster bar at a two to one ratio, far beyond what would normally be required.

As I said, we judge companies by their actions. Throughout the many years we have worked with Dominion time and again we have seen Dominion's actions speak louder than their words. Dominion has been consistent and proactive in its efforts to protect our environment and our beloved

Chesapeake Bay. Given their history, we believe Dominion will undertake this project in the most environmentally advantageous way possible. They will do the right thing. Thank you.

MR. FREDERICK: So addressing your question, Mr. Comptroller, from an economic perspective?

COMPTROLLER FRANCHOT: Mm-hmm.

MR. FREDERICK: The project is \$3.4 billion to \$3.8 billion --

GOVERNOR O'MALLEY: With a B. With a B.

MR. FREDERICK: With a B. I'm sorry, yes, billion dollars. Thousands of jobs during the construction phase. Locally we added 75 permanent jobs at the facility, that doesn't count the indirect jobs that are driven from a permanent perspective. Forty million dollars in addition taxes to Calvert county. We pay \$16 million now. An addition \$40 million. Some \$2 billion in sales income revenue to the State of Maryland. Again, you know, I could go on and on. And of course the \$40 million and the \$8 million we previously referenced as contributions within the CPCN process.

GOVERNOR O'MALLEY: I think we want you to keep going on.

(Laughter.)

GOVERNOR O'MALLEY: Whatever you have. I mean --

MR. FREDERICK: Yes, so the indirect, that is the direct things.

GOVERNOR O'MALLEY: Mm-hmm.

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MR. FREDERICK: From an indirect perspective, obviously I don't have the stats in front of me. But again when you talk about from a permanent perspective during the 20-year life of the contracts that we currently have, it is thousands of permanent jobs indirectly in addition to the 75 at our facility.

GOVERNOR O'MALLEY: For what? The maintenance? Or --

MR. FREDERICK: Yes, for various things. For equipment supply, maintenance of the equipment, you know, commercially, people coming in and visiting the facility, spending money in the area. All those kinds of things.

I really feel compelled to offer one more thing about safety --

GOVERNOR O'MALLEY: When you say thousands of jobs, can you quantify the jobs aspect of this any better on the construction goals --

MR. FREDERICK: Within the three to three and a half year construction period something in excess of 3,000 job years. So we expect that the peak, once we get to the peak of construction, it is 1,200 to 1,500 people employed on an annual basis for the life of the, the duration of the project.

GOVERNOR O'MALLEY: Okay.

MR. FREDERICK: If I could, Governor, I want to mention just one more thing about safety because I'm not sure what else you want to hear. But I feel compelled to say, you know, none of the things from a safety perspective are new. They have come up in the Maryland PSC proceeding, both public

meetings and comments. They have come up in the FERC proceeding. None of that is new. And the federal and State agencies that have reviewed this couldn't have approved them if they didn't feel it was safe. In fact, the Maryland Public Service Commission said it's in the best interest of the public.

And on the safety note, well, yes, just personally, there is nobody more interested in the safe operation of this facility than me. I am there every day. So we have employees that live in the area. We have a vested interest in making sure it is safe.

One more thing, again in the interest of your time, we do have a tug captain here if you care to hear any more about safety from that perspective, for the Thomas Johnson Bridge. But I will leave that up to your --

COMPTROLLER FRANCHOT: If I could just ask one quick question? A lot of concern about climate change. What analysis if any shows that this plant would have any kind of impact on the global carbon footprint?

MR. FREDERICK: Well I think if you look at the studies done, if you are looking at generating, power generation with natural gas versus coal, it's about half the CO2 emissions. Even when you include life cycle, and I actually have a life cycle expert here if you want to talk about that. But even when you include the life cycle from if you will birth to the actual burning of the product, it is substantially lower from an emissions perspective than coal. And that is what most of this is going to do. India and Japan, what we are exporting, India and

Japan are going to replace power generation fired by coal, and Japan is also looking at replacing her nuclear fleet potentially. But it is going to offset coal fired power generation in other countries and CO2, greenhouse gas, is truly a global issue.

Tug captain or no, Governor?

GOVERNOR O'MALLEY: Do we want to hear from the tugboat captain? Sure. Do you want to talk about the bridge and the danger? It has been said that this bridge is critically important and we all know how critically important the bridge is, and we also know that the State's transportation revenues have not been modernized since 1992. Now they have been, hence and therefore the money to study ways to replace that bridge. So if you could tell us briefly what, if any, dangers posed from having a barge and a tug come up near this, it looks like northern end of the Thomas Johnson Bridge? Is that what it is?

MR. SPRAGUE: That's right, yes, just downstream. My name is Reid Sprague. I'm General Manager at Chesapeake Energy Services. Before I came to CES I was an experienced tugboat captain here in the Chesapeake region. As CES GM I help set up the ship assist services at Cove Point, that is the tugboats that help dock and undock the tankers. I have also helped construct the full-scale animations that were done in association with the Maryland pilots, Dominion, and the LNG shippers to learn how to more safely handle the LNG tankers.

One of the things we did in the simulations was to determine how accurately we could handle a load. And as Mike could testify, at the terminal the ships have to be handled very precisely and we are able to do that. I think that same degree of control could certainly be exerted on the much smaller barges that would be docking in the vicinity of the bridge.

I can't directly address risks and give expert opinions. We are not called upon to do that. But our decade of experience working with Dominion gives me confidence that they will plan, coordinate, and conduct this operation with the utmost care.

Safety has always been number one in our association with Dominion and it is a standard that we have appreciated because that is our standard, too. So --

GOVERNOR O'MALLEY: And will the barges have to, where will they be coming from? Will they be going under the bridge? Or do they pull over before they get to the bridge?

MR. SPRAGUE: They would come into the river entrance there --

GOVERNOR O'MALLEY: -- coming up --

MR. SPRAGUE: -- and approach the bridge. They wouldn't cross under it. They would approach it. They would be well out of the way of the main traffic. If you look at, you can't really see it on the picture there, but the river is quite wide there. There's a -- there you go. So they are well out of the way.

Now part of the plan that I read indicated that they would in any sort of circumstance that needed it, they would have an assist tug and that is a valuable consideration. With an assist tug and a good boat on the barge, you will have pinpoint control. So as an experienced tug captain I wouldn't have any worries about that at all.

GOVERNOR O'MALLEY: Okay. Thank you.

MR. SPRAGUE: Okay.

GOVERNOR O'MALLEY: Anything else on that score? Let's hear from a few more opponents, come on down. But can we hear from opponents who haven't been heard from before? Yes, sir. Come on down and introduce yourself.

SECRETARY MCDONALD: I mean I have Kenneth Pritchard, Nancy Radcliffe, Mark Giuffrida, Karen and Katie Murphy.

GOVERNOR O'MALLEY: And feel free to talk amongst yourselves in the meantime. If there's things you feel need to be said and rebutted you can give them to the people that haven't spoken yet. Yes, sir?

MR. GIUFFRIDA: Yes, hopefully I will still have a voice. I've been rehearsing this for a while. Hi, I am Mark Giuffrida. I have lived in Calvert County for over 35 years as a social worker for the disadvantaged. I come here today at my own expense without a free bus ride, lunch, cash to speak, or have any money interest with this project.

Do you want a Lusby/Solomons area to become a heavily industrial wasteland? Mr. Governor, you submitted your report to FERC about the LNG and Sparrows Point in Baltimore, which is a heavily industrial area. The same problems exist with us but it's a rural area. It is a natural habitat free of any industry in the area. A large industrial pier with five-foot diameter posts, plus the barge, plus the tugboat, for a length of over 500 feet. That picture, the other picture that everybody has been looking at for the last half an hour, it is preexposed what it is actually supposed to look like. That is a real picture and then they stick something on top of it.

GOVERNOR O'MALLEY: I understand.

MR. GIUFFRIDA: The pier actually is closer to the, will be closer to that bridge than what it looks like there. I have looked, I have been down there and looking at it. The pier and all that, and the barge, and the tugboat will come close to the middle spans of that bridge. The docking of the barge will be very difficult. We have talked to other tugboat operators. And it will be very, very difficult to dock that heavy barge onto that pier without hitting the spans.

The pounding of the large diameter posts, which are five feet wide, you know, five feet wide, into the riverbed will cause chipping in the sediment and vibrations that will weaken the existing bridge spans, or the bottoms. When the bridge is weakened and needs to be replaced quickly, Dominion won't pay for it. You know that. This will disrupt commerce in both Calvert and St. Mary's

County. Traffic to the Navy Base, over 30,000 cars a day, and will have negative impacts to our fragile economy in Calvert County.

I find it strange that the date of this year's inspection of the bridge keeps being moved back. It was on the 17th, then it was on the 21st, now it's on the 24th. So it's kind of strange that it is going to take place after this hearing. That is interesting.

GOVERNOR O'MALLEY: Sir, that would require a degree of planning and aforethought that we are not capable of here.

(Laughter.)

MR. GIUFFRIDA: It wasn't because of the weather. Solomons tourism and commerce will have a lot of negative financial impacts if this pier is being built. No one will come and take photos or have a kiss at the boardwalk at sunset with this ugly industrial pier in the scene. If you go anywhere on that boardwalk and look north, that's where the sunset is over that bridge, and that pier, and all the cranes will be sitting right there.

Fishing and recreational boating will be disrupted from the location, and the pollution of the barge and pier will produce waste products, trash, oil, bright lights, and noise. Loud sounds can be heard across great distances over many miles where we live because our community is naturally quiet. There is no industry there. And because we have water everywhere it amplifies everything.

Overall this project has a negative impact to the Maryland economy, this fact is from your Public Service Commission. It will change our landscape from a rural, peaceful land to a noisy, polluted industrial state. Why would you approve this? Dominion is not even a Maryland company. The Navy Rec Center and the Calvert Cliffs Nuclear Power Plant don't want Dominion on their property, why should we? We are finally shutting down the coal power plants in Maryland and here you go by giving us a gas refinery power plant. We have, it will give us more pollution without any electricity or gas to Maryland. It all goes away to someplace else.

Do you really think that shipping gas from Cove Point to Japan and India is smart? Asia already has LNG plants and they are a lot closer than us. And by the way, because of this, everybody knows that if you buy local the product is better, cheaper, and they really, of course, it's eat local week here in Maryland.

Mr. Governor, you have less than four months left on your term. Please do the right thing. Stop Dominion by saying no to this pier.

By the way, I just want to make a quick comment. Gerry Clark, who is our Commissioner currently, he lost the primary. He is not a representative of our county residents as of November. So he is not really speaking for us, he is speaking for himself. He lost his primary.

Between '78 and '80, 1978 and '80 was when the Dominion, when the LNG plant was built by a different company. It was mothballed, mothballed all the way to 2002. Nothing was done. It was quiet. A lot of houses were built during that time period. I live in a house that was built in 1967 in the Chesapeake Ranch Estates. I can hear, and I talked to representatives of Dominion in various hearings on the side, I can hear their power plant from my house, their small power plant from my house. I can see their lights from my house. And I live below the road line in the woods at Chesapeake Ranch Estates about a mile, just over a mile from their, if I was a bird, about a mile from their plant. To say that the lights and the sound won't be different, I can hear it now. I live in a log cabin. So it's, I have the windows open. I don't have central air and heat.

The Fire Department, we have a volunteer Fire Department. That means volunteer. That means they are not there a lot. We had a fire right next door to the Solomons Fire Department a couple of weeks ago at a restaurant. The first responders were from St. Leonard, which is 14 miles up the road. The Fire Department was right across the street. No one was there. So you are talking about Cove Point plant being whatever, I highly doubt that our Volunteer Fire Department can handle anything like that. I'm sorry, they can't.

And the last thing that I want to speak to is that -- I don't know. I don't know if there is anything else I need to speak to. Thank you for your time.

GOVERNOR O'MALLEY: Thank you. Anyone else want to be heard in opposition? Yes, come on down. I'd like to --

MS. ENO: As the lead of our group can I respond to a question in lieu of other speakers --

GOVERNOR O'MALLEY: Sure, why don't you do that. Sure, absolutely. And then we're going to hear from these folks over here.

MS. ENO: Thank you.

GOVERNOR O'MALLEY: And then we're going to wrap up. It's now --

MS. ENO: In the same way that Mr. Frederick answered a question. Mr. Franchot, you asked if there have been any meaningful environmental consequences during the import operations. Ms. Sevilla gave you some background information about that. But we are not talking about a continued import operation. This permit is to build a new export operation, which is a whole new ball game. We are not talking about the past, we are looking to the future. The new equipment, to answer your question, will have environmental and human health impacts. That will be 20.4 tons of hazardous air pollution emitted per year, which we will be breathing.

I believe that the Commissioners have not looked at those environmental impacts. They didn't even want to hear from our own

Environmental Commission, who have the expertise to advise them. They instead asked them to look at another project.

I'm sorry that the Governor stepped out because this is really for him. Shall I wait?

MS. PEIL: No, continue on, please.

TREASURER KOPP: You are recorded for posterity.

MS. ENO: Thank you. In 2007 when Governor O'Malley sent the 90-page advisory report asking FERC to deny the Sparrows Point facility, John Bohannon, who was a Baltimore County Fire Chief at that time, submitted this testimony. "It is impossible to talk about locating a liquefied natural gas plant in the midst of a residential community without talking about the hazardous properties of LNG. LNG is extremely cold and its release can cause structural failure in nearby tanks, vessels, and supporting structures. The extreme temperatures of LNG can cause severe injuries and death. Consider these risks. Accidental spills will pose a risk to individuals within a half mile of the spill. A medium to large" -- I am not making this up. This is a Baltimore County Fire Chief.

TREASURER KOPP: Yes. Go ahead.

MS. ENO: So I appreciate your consideration. "A medium to large spill, a five- to seven-square yard breach will cause a risk to people within one mile."

COMPTROLLER FRANCHOT: Can I just interrupt? Could we -
-

MS. ENO: Be respectful? Thank you.

COMPTROLLER FRANCHOT: No, I just want to have quiet. I
don't want to have --

MS. ENO: Thank you.

COMPTROLLER FRANCHOT: I mean, the Governor can say he
was running the meeting. I think the people who are speaking should not have
other people having audible conversations.

MS. ENO: Thank you. I'm quoting from John Bohannon who --
I'm sorry, John Homan who was the Baltimore County Fire Chief in January of
2007, who submitted a testimony included in your 90-page advisory report against
Sparrows Point LNG import facility that you sent to FERC and asked them to
deny.

He says, "It is impossible to talk about locating a liquefied natural
gas plant in the midst of a residential community without talking about the
hazardous properties of LNG. LNG is extremely cold and its release can cause
structural failure in nearby tanks which could cause severe injuries and death.
Accidental spills pose a risk to individuals within a half a mile. A medium to
large spill will cause a risk to people within one mile. A large scale release will
have a cascade effect because of the effects of a cryogenic liquid on the

surrounding tank structures and vessels. This would involve a large fire or fire ball, cause extensive property damage, and place people more than one mile away at risk. In summary, I would like to add that as Fire Chief I have been asked repeatedly what would the Fire Department need to be adequately prepared to respond to a disaster at an LNG plant? The response to that question is very straightforward. There is no way to prepare for that kind of disaster. And if we believe that there is we are simply fooling our citizens and ourselves. I ask that this proposal be halted immediately out of respect for the safety and well-being of the citizens of Eastern Baltimore County.”

To answer your question about the economic impacts to Maryland, and Mr. Frederick spoke about jobs and taxes, unfortunately I cannot give you a dollar value for the lives of the families who live in the 360 houses within 4,500 feet who are already at risk of a flash fire. And if you ask why do they still live there, why did they buy their house there? We didn’t know that that was a risk until we just found that 2006 Maryland DNR report that says risks can go offsite. That QRA is what alerted to us that this is problem and that is why we are asking for it to be done again. It’s already dangerous as it sits there. They are going to add more risks. Please.

GOVERNOR O’MALLEY: Thanks. Who else do we want to hear from opposition? Come on over. Yes, ma’am. Come on up. Yes, ma’am. Sure.

MS. MURPHY: Hello, my name is Katie Murphy. I am a 13-year-old who lives in Kensington and I have a couple of things to say. Have you ever thought about what effect Cove Point will have on Maryland environment, or the dangers? What if something blows up or catches on fire from all the heat? People of all ages live in this State and kids might be endangered from the bad air if they breathe too much of it. I just have a favor to ask. Will you do a check on Cove Point before you give the thumbs up? Think about it. Thank you for your time today.

GOVERNOR O'MALLEY: Thank you, Kate. Good seeing you again. I said, good seeing you again. Anyone else in opposition? Because we heard from a few before. Anybody else want to be heard again? How about anybody want to be heard a second time against? Sure. Yes, ma'am. Come on up.

MS. SEVILLA: I just want to express that the noise modeling that Dominion did was very cherry-picking and selective. One of our members of Calvert Citizens for a Healthy Community did the noise study and it is in FERC. I strongly suggest that you read it. Because where things were not favorable for Dominion they were just simply checked out and not included. They used a noise sensitive area that was Dominion's as the standard for measuring noise. And in fact they did not include senior citizens homes, schools, places of worship that are noise sensitive areas.

And the other thing, Governor, in our emergency evacuation plan where we live, the three of us at least, it is a one-lane road. And even during the construction of Dominion that road is our only way in and our only way out. If something happens at the LNG our only escape route is either to swim in the Chesapeake Bay, or go towards Dominion because that is the only road we have. And we have no access. We have no fire hydrants. There is no access to any fire equipment. So generally you tell the public run away from the incident, don't run towards it. Because if you drive on a flammable vapor cloud that is a catalyst that could set that vapor cloud on fire. So that, it's a joke, our evacuation plan in Calvert County because it doesn't work. And we, that is why we are concerned. And we have asked our Board of County Commissioners and Calvert County to give us a safety briefing. They gave everybody else a safety briefing but they would not give us a safety briefing because we asked questions that they can't answer. That is why the Assistant Fire Chief Mickey Szymanski resigned from the Volunteer Department in Solomons, because of what he heard about this wall that is supposed to keep the vapor cloud from going over the homes. So it's like, okay vapor, don't go over the walls because that's, you know, that's all you've got. It's a joke, the safety that we have. And Mickey would not have said that. He is a Fire Department Captain in Washington, D.C. And so he is an expert, you know? His testimony is there. You can read the noise and the fire safety in FERC. And I trust you, they are because we are concerned citizens.

We are not against business, we are not against labor. But when you look at the overall, this Dominion Cove Point is the wrong place to be. And this bridge is the wrong place for, this is their best choice, and it is putting it at risk. Because I don't care how careful you are, I don't care how you simulate. Docking a 270-foot barge that is inclined towards the, here is the bridge, here is their pier. You add the barge and the tugboat. Maneuvering that when you are 100 feet away from the pylons? I'm sorry, but I don't consider that safe. And it will be several times that they will truck this heavy equipment over, and I showed you how heavy that equipment is, and you have got my handout. It just doesn't work. Because if that bridge fails, it is going to fail. And it is an accident waiting to happen. And I cannot express that anymore because even us as boaters, we avoid the pylons of the bridge. Because it is unsafe for us. And worse, because the bridge is here and if the boat launch is here, we are forced to turn this way because the bridge is against where we normally go. Thank you.

GOVERNOR O'MALLEY: Thank you. All right. How about let's have everyone stand who is opposed to this. Everyone stand who is opposed to this here? Okay. Thank you very much, thank you for your patience, and thank you for your testimony.

Everyone who is in favor, would you please stand? Okay. Thank you very much, thank you for your patience, and thank you for your testimony.

We are now on considering the question here and concluding this

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hearing at approximately 3:31. I ask any members of the Board of Public Works if they have any more questions before we make a decision on the wetlands permit? No?

COMPTROLLER FRANCHOT: Is there anyone from organized labor here? Do you want to comment on the impact of this project --

MR. COLES: Good afternoon. Mark Coles, I'm the Executive Director of CHOICE, formerly the Baltimore and Washington, D.C. Building Trades Council. We represent about 45,000 hardworking men and women in the construction industry. We are here in strong support of this project. I'd like to say that I would like to commend Dominion for electing to use the highly skilled, highly trained building trades members to construct this project, which is why we have a high degree of confidence that this project will be built in a safe and responsible way.

I would also like to say that, you know, with respect to safety, our members will be working on this project. We want our members to go to a safe workplace and then at the end of the day go home to their families. We live in the community. We care about the environment. Our members are avid sportsmen, they hunt, they fish. We care about clean air, clean water. We live in the communities in which this project is being built. And so, you know, we are highly supportive of this project and we urge you to approve the permit without delay. Thank you.

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GOVERNOR O'MALLEY: Thank you. Somebody else --

TREASURER KOPP: Can I just ask --

GOVERNOR O'MALLEY: Madam Treasurer?

TREASURER KOPP: -- ask you all to address one last, very briefly, time. The point that I find the strongest is the safety issue. That is not before us, what is before us is the wetlands permit. Nonetheless, the question of what has been done in terms of mitigating the additional safety concerns that are posed by changing from import to export?

MR. FREDERICK: Right. So again what I would tell you is, first, from a personal perspective and from Dominion's perspective, safety is foremost in our thought, right? The review that is done by FERC and PHMSA is very thorough. For instance, when you talk just about propane, which is one of the things that we are adding more of as part of the export process, there is more than 160 failure analysis scenarios that have been run just on propane. The design of equipment that we are adding is all designed to make sure that the spacing requirements are met from a safety standpoint, and that anything that could potentially happen with that new equipment does not impact existing equipment. So I guess what I would tell you is that review has been extensive. It considers, I would call it a very conservative approach as opposed to any kind of mitigating approach as far as safety systems. And to answer your question about mitigation,

it is spacing, design, geology, or not geology, geography on the site, those kinds of things.

TREASURER KOPP: So whatever serious concern there was about the use of liquefied natural gas and the tankers coming in some 15 years ago, whenever it was yhey were doing it, they have had that, you have had that authority and that capacity ever since?

MR. FREDERICK: Well, yes. To be clear, we have 330 import vessels since 2003. And oh by the way, just, I mean, there was one statement made that was not completely accurate. We have been running a liquefier there since 1995. It wasn't nothing was being done, albeit a smaller liquefier, much smaller.

TREASURER KOPP: Right. Right. Thank you.

GOVERNOR O'MALLEY: What is the difference in the volume of import compared to the volume of export now proposed?

MR. FREDERICK: We have the capability with our import contracts to bring in liquid and send out into the pipeline 1.8 million dekatherms a day. The export project is taking gas off the pipeline and liquefying 0.7 -- it gets a little confusing because you talk about dekatherms and BCF but it is roughly the same. So 0.7 BCF a day. So it's .7 versus 1.8. So it is a, whatever that percent reduction is, .7 of 1.8.

GOVERNOR O'MALLEY: But one is measured by liquid and one is --

MR. FREDERICK: It gets a little complicated just because when you are talking about the liquid it has different BTU values. So from a commercial perspective when you are selling gas into the pipeline, and remember we are not actually selling it, we act as the middle man, if you will. It is energy value, so it is dekatherms. But when you are liquefying you are actually taking the heavy hydrocarbons out of the gas stream which makes it more appropriate to talk about actually metric tons per year. But it converts to about 0.7 BCF.

GOVERNOR O'MALLEY: Mm-hmm.

MR. FREDERICK: So it is 0.7 BCF compared to 1.8 BCF.

GOVERNOR O'MALLEY: Okay. All right. Any discussion? Anybody want to be, anything else?

TREASURER KOPP: No. I just want to say for the record, again however, from my perspective, and I know the Comptroller sees it differently, under the law, under the rulings of the Court of Appeals, what is before us right now is indeed the wetlands license, although we may have different opinions about the use of liquefied natural gas, its export or import.

COMPTROLLER FRANCHOT: Yes, I, thank you, Governor. I just wanted to thank the opponents who came down. I think they spoke very intelligently and frankly courageously. Because as you saw by the Governor's,

you folks are the underdogs right now. And I just want to thank you for doing that. It's very commendable. And I thank the other side for maintaining, you know, courtesies given that. And there are three reasons that jump out at me as to compelling arguments here.

One is that the federal and State agencies that have looked at the environmental and the safety matters, as far as I can tell weighed in almost unanimously in favor of the project.

The second for me, as the Comptroller, is that the cumulative economic benefits for the State, and for the nation I believe, are enormous.

And thirdly, I believe the project is a major step towards both energy independence and reducing the global carbon footprint. And all we have to do is look what is going on in the most unstable, violent regions of the world to realize that we need to take care of ourselves.

And so I reluctantly, because I think some of these issues that are raised have some merit and I hope they continue to be looked at, particularly the noise and the light and the issues that you can control, please. I would hope that there would continue to be communication. I particularly appreciate the comments of your chief spokesperson, I'm sorry, I didn't get your name? But hats off, I have been in your place a lot. And you did a good job. I am going to support the project, not on the wetlands permit, and the Treasurer spoke about that, but on the basis of the merits of the project.

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TREASURER KOPP: Let me just say for the record, I would endorse everything the Comptroller said with the caveat that I believe that the LNG is a bridge type fuel towards the use of greater renewables. It won't last forever. And while it is better in terms of our carbon footprint net after transportation, etcetera, than coal, I would hope Dominion and all of the major firms would be looking a little further into the future then. That's my editorial.

GOVERNOR O'MALLEY: Whether natural gas is used as a bridge to the future or an excuse not to act responsibly in order to better safeguard that future is going to be a question of public will on the choices we make moving forward here. I believe that natural gas can be a bridge to that future and in the meantime we must do everything we possibly can to protect the environment and the course of all of the issues that are still out there before us, from its extraction to its export, safeguarding it along the way through pipelines. And all of those things are things that we have to continue to work to improve and to search for the highest and best standards.

Oftentimes here at the Board of Public Works, especially around these wetlands permits, people conflate issues and bring together many issues that are beyond the four corners of the question we are asked to approve today. We could have a broader discussion, and in fact broader discussions have been had at FERC and broader discussions have been had at the Public Service Commission when it comes down to the larger project itself and the energy policies pursued by

the people of Maryland with regard to increasing renewables, reducing energy consumption, and also combating greenhouse gas.

The operative question I think to ask is whether or not the additional energy consumption, that is the amount of energy required in order to complete this process for export, is something that would be contemplated within the Growth Allocation and the Climate Change Reduction Act that we passed back in 2009, was it? I think 2009. I believe that the answer to that question is yes. But the question before us here today is whether or not this pier, this pier, extending these feet into the Patuxent River, you know, whether or not we grant this permit depends on the environmental impact of this pier and whether it can be mitigated by offsetting it with other things to replace the oyster habitat that you are going to be disrupting. And I believe the answer to that is clearly a, that in fact whatever damage is done by this pier to these wetlands can be mitigated, and in fact is mitigated under the terms that are asked for here. So I'm going to be supporting this as well. Is there a motion?

TREASURER KOPP: Move to approve.

GOVERNOR O'MALLEY: 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.)

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GOVERNOR O'MALLEY: The ayes have it. Thank you very much for being here.

(Whereupon, at 3:44 p.m., the meeting was concluded.)

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