
STATE OF MARYLAND
BOARD OF PUBLIC WORKS

*GOVERNOR'S RECEPTION ROOM, SECOND FLOOR, STATE HOUSE
ANNAPOLIS, MARYLAND*

March 19, 2014
10:17 a.m.

PRESENT

HONORABLE MARTIN O'MALLEY

Governor

HONORABLE NANCY KOPP

Treasurer

HONORABLE PETER FRANCHOT

Comptroller

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T. ELOISE FOSTER

Secretary of Budget and Management

JAMES SMITH

Secretary of Transportation

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Director, Land Acquisition & Planning, Department of Natural Resources

CARMINA PEREZ-FOWLER

Assistant Secretary for MBE Compliance and Procurement,
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CONTENTS

| Subject | Agenda | Witness | Page |
|------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------|-------------|
| Secretary's Agenda | SEC | Sheila McDonald | 8 |
| Acquisition of Slider Property | DNR 1A, p. DNR 1 | Emily Wilson | 9 |
| Acquisition of Slider Property | DNR 2A p. DNR 2 | Emily Wilson | 9 |
| Rural Legacy Grant for Mullendore Property | DNR 4A p. DNR 4 | Emily Wilson | 9 |
| Consulting and Energy Related Services for Community Wind Service Program | DBM 2-S p. DBM 4B | T. Eloise Foster Devon Dodson Carmina Perez- Fowler | 11 |
| Secure Out-of-State Transport Services for DJS Youth | DBM 3-S p. DBM 8B | T. Eloise Foster Ted King | 20 |
| Maryland Automated Fingerprint System | DoIT 1-IT-OPT p. DoIT 1D | Greg Urban | 27 |
| DOT Agenda | DOT | James Smith | 29 |
| Grant for Improvements to Ripken Stadium | DGS 17-CGL p. GS27 | Al Collins Del. Mary-Dulany James Michael Bennett | 30 |

| Subject | Agenda | Witness | Page |
|---------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------------------|-------------|
| Grant for Improvements to Bethel Recreation Center | DGS 12-CGL p. GS19 | Al Collins | 30 |
| Grant for Back-Up Power System at Civista Medical Center | DGS 13-CGL p. GS20 | Al Collins | 30 |
| Grant for Design and Construction of Muslim Community Center | DGS 15-CGL p. GS23 | Al Collins | 30 |
| Grant for Improvements to East Baltimore Biotechnology Park | DGS 21-CGL p. GS35 | Al Collins | 30 |
| Grant for Cooling Tower at Good Shepherd Center | DGS 22-CGL p. GS37 | Al Collins | 30 |
| Grant for The Wharves at Choptank Crossing Heritage and Welcome Center | DGS 23-CGL p. GS39 | Al Collins | 30 |
| Grant for District Heights Senior Day Facility | DGS 24-CGL p. GS40 | Al Collins | 30 |
| Grant for Renovation of Olney Theater Center | DGS 16-CGL p. GS25 | Al Collins | 30 |
| Site Acquisition and Design Services for Regional Medical Center in Prince George's County | DGS 25-CGL p. GS42 | Al Collins | 30 |
| Site Exchange Between University of Baltimore and U.S. Postal Service | USM 10-GM p. USM 20C | Jim Stirling Robert Bogomolny Steve Cassard | 33 |

| Subject | Agenda | Witness | Page |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------------|------|
| Declare Surplus Land at University of Maryland, College Park for Development of Hotel and Conference Center | USM 8-RP p. USM 16C | Jim Stirling Wallace Loh Rushern Baker Andrew Fellows John Boardman Sheila McDonald Greg Bedward | 46 |

PROCEEDINGS

GOVERNOR O'MALLEY: Good morning, everyone. Welcome to the Board of Public Works. Today is March 19th and we have a lot of people here and we're going to try to do our very best to get through this in an expeditious way. Probably the biggest Agenda item, or the one that has the most people, is the University of Maryland at College Park hotel. And what part of the Agenda is that on?

SECRETARY MCDONALD: That's on the University System.

GOVERNOR O'MALLEY: Okay. So --

SECRETARY MCDONALD: We can either call that Agenda or call one item.

GOVERNOR O'MALLEY: -- no, hold on a second. Let me try to get through a few of the others so we can get some of these folks back to their full-time occupations. So Mr. Comptroller, Madam Treasurer, any opening thoughts?

COMPTROLLER FRANCHOT: Thank you, Governor. I just, Madam Treasurer, I wanted to wish the Governor particularly and his family a Happy St. Patrick's Day.

GOVERNOR O'MALLEY: Oh, thank you.

TREASURER KOPP: Well, the same to you.

COMPTROLLER FRANCHOT: Yes. And Happy St. Paddy's Day to everyone in the audience, and anyone who is watching us at home. It's

hard to believe that St. Paddy's Day this year was covered in white as opposed to green. But I wanted to particularly single out the Secretary of Transportation. Because I think his team at SHA, at State Highway, does such an efficient job, and clearing the roads. And Monday you did it yet again. It has been a brutal winter. But you and your team have risen to the occasion time and time again. I hope it is the end of, I think Spring is supposed to start tomorrow or the next day. But Secretary Smith, really, congrats and kudos to your team. And Secretary Collins, for taking care of the Annapolis area. It's just good work.

MR. SMITH: Well, I thank you very much. And on behalf of Melinda Peters and all the crew, both the people who work for the State and our contractors, I know they appreciate you recognizing. They have had more than 20 outings this year, which is huge. So you are right, it has been a long, hard winter. But they certainly have risen to the occasion. And thank you very much for your comments.

COMPTROLLER FRANCHOT: You're welcome. And Governor, as the State's alcohol regulator I took it upon myself to do a little advance work heading into the holiday weekend. At two great locally owned Montgomery County based Irish pubs I presented two well-deserved proclamations to the Harp and Fiddle in Bethesda and McGinty's in Silver Spring. I'll have to check the numbers at the end of the week but something tells me Monday may have been the first snow day in Maryland history where we actually saw an uptick in revenue due

to bar sales. It's obviously, you know, Mother Nature got involved in this. And I don't know about your households but around my household Mother always wins the day. So Monday was an interesting day as far as Mother Nature.

But in all seriousness I got to see firsthand these two establishments, each of whom employ more than 40 people each. Just a neighborhood pub, but critical tax revenue, community involvement, quality jobs. They embody our proud tradition as an entrepreneurial nation of immigrants where people risk it all to come here and start a business, improve their own lot in life, and by doing so improving things for all of us. And for that we are thankful. Thank you, Governor, Madam Treasurer.

GOVERNOR O'MALLEY: Thank you, Mr. Comptroller. Anything, Madam Treasurer?

TREASURER KOPP: It's a pleasure to be here.

(Laughter.)

GOVERNOR O'MALLEY: All right. So let's start with the Secretary's Agenda. Anybody have any questions on the Secretary's Agenda?

SECRETARY MCDONALD: Nine items and two emergencies.

GOVERNOR O'MALLEY: Hearing none, the Treasurer moves approval, seconded by the Comptroller. 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. We move on now to the Real Property Agenda, Department of Natural Resources.

MS. WILSON: Good morning, Governor, Mr. Comptroller, Madam Treasurer. Emily Wilson with Maryland Department of Natural Resources. We have five items on our Agenda today. A couple of note, Items 1A and 2A are related. They are known as the Slider Properties, immediately adjacent to one another and also immediately adjacent to Green Ridge State Forest. It is an excellent addition to Green Ridge. They total, those together, nearly 250 acres and scored respectfully 121 and a 112.

GOVERNOR O'MALLEY: Great, in what county?

MS. WILSON: Washington.

GOVERNOR O'MALLEY: Awesome.

MS. WILSON: Excuse me, Allegany. I'm sorry, Allegany. And then Item 4A is an interesting Rural Legacy Easement in Washington County called the Mullendore Property. It's a 206-acre conservation easement extinguishing nine development rights. But interestingly there is a lot of Civil War history in this area, as you well know. And this property served as the staging ground for the Confederate attack at the Battle of Crampton's Gap just days before Antietam.

GOVERNOR O'MALLEY: Great, good stuff. 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.

MS. WILSON: Thank you.

GOVERNOR O'MALLEY: We move on -- thank you -- to the Department of Budget and Management. Only two items, T. Eloise Foster.

MS. FOSTER: No, there are eight items.

GOVERNOR O'MALLEY: The T stands for tough choices.

(Laughter.)

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, there are actually eight items on the Department's Agenda.

GOVERNOR O'MALLEY: Oh, eight items? I'm sorry.

MS. FOSTER: I'll be happy to answer any questions that members of the Board may have.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. Item 2, please, Madam Secretary?

MS. FOSTER: Okay. Item 2 is the contract for consulting services to assist the Maryland Energy Administration with the Community Wind Service Program. And that program is going to provide for the planning and installation of community wind facilities. I think Devon Dodson, who is the Chief of Staff is here.

COMPTROLLER FRANCHOT: Oh, great. No, it is an interesting concept and maybe you could give me some more details.

MR. DODSON: Thank you, Mr. Comptroller, Governor, and Madam Treasurer. Good morning, I'm Devon Dodson, Chief of Staff for the Maryland Energy Administration. MEA's Agenda item is our new Community Wind tech support contract which provides for the management of the MEA's Anemometer Loan Program, I had to practice that word, as well as planning, technical, and advisory follow up support for Community Wind Game Changers Program.

It's an indefinite quantity, fixed hourly, labor contract which will be executed through task orders for specifically designed tech support efforts. The contract is estimated to not exceed \$142,000 for the base year and has four one-year renewal options, with a total not to exceed \$762,000. The MBE participation in the contract is at 20 percent but the awardee is doing an MBE participation at 24 percent. And I'm happy to answer any other questions.

COMPTROLLER FRANCHOT: Excellent. I'd just, if I could, like to focus a little attention on the procurement process. Because this is yet another instance of where a State agency initiated a competitive bid process, came up with only one approved bidder. And I've said multiple times during past Board meetings, this is a failure of the procurement process. Single bid contracts deprive the soliciting party, us, the State of Maryland, the taxpayers, of any real opportunity to ensure that we are getting the best possible price for the taxpayers or to assert leverage over the vendor to ensure real quality control.

Two things particularly bother me here. First, the services in question are for energy consulting services. We are in a State, Maryland, that is recognized as being on the leading edge of alternative energy development and one that is next door to the nation's capital. I'm not sure it's possible to walk outside and throw a rock in this neighborhood without hitting an energy consulting firm. So the idea that we go through this process and end up with one viable firm stretches, strains credibility.

Second, my background notes state that another vendor did bid for the contract but that the bid was disqualified due, and I quote, "for not submitting properly completed mandatory MBE documents." So I would like to have you comment on whether this was a situation where the vendor actually failed to comply with the 20 percent goal that you mentioned in the RFP or did the vendor comply with the general MBE guidelines but get disqualified on procedural

grounds simply because there were technical mistakes in their paperwork. And if it's the latter, why wouldn't you exercise discretion and judgment for the sake of ensuring some bid competition by letting the vendor amend the paperwork and send it in after the fact?

MR. DODSON: To answer your second question, Mr. Comptroller, yes, the MBE was not certified by the Maryland Department of Transportation's Office of Minority Business Enterprise, did not present us with documents at the time. There was over a two-month period by which we went through this solicitation and we specifically reached out to over 20 companies in the State to try to get more, to answer your first question, to try to get more participants. And unfortunately although energy services are, as you determined that we could throw a rock and hit some, the specific technical issues with regard to these wind energy contracts are something that we have not had a lot of companies involved in in the State.

One of the reasons we did this solicitation and opened it up as broadly as we did and extended the time as long as we did was to try to get those companies into our playbook and so that we would be able to assist them and grow the industry. And that is why this is before you, to in part to help assist growing the industry on the wind side. We just weren't able to find the companies that we were hoping to find.

We were actually surprised, Mr. Comptroller, as well by the lack of bids that we received on this one and really tried in our preliminaries to get more companies involved. And just this wasn't working. It was an unusual one for us in all of our procurements.

COMPTROLLER FRANCHOT: The second vendor, though, was that because of a technical problem? Or because of a lack of interest in reaching the MBE goal?

MR. DODSON: As far as we know, both. Both they were technical, and then when we reached out to them it was also a lack of interest in reaching the goal.

COMPTROLLER FRANCHOT: Is that, can I, Governor --

GOVERNOR O'MALLEY: Sure.

COMPTROLLER FRANCHOT: -- I don't know whether I should ask someone involved in, that I take it is not your, that is your conclusion but someone else did the research on that?

MS. PEREZ-FOWLER: My name is Carmina Perez-Fowler. I'm the Assistant Secretary for the Governor's Office of Minority Affairs. And as you did, we also inquired about the vendor and why the vendor was rejected because of MBE reasons. And when we got the documentation the vendor only named MBE firm that is not certified by MDOT. That is a fatal mistake. That is not something

that can be corrected. It's not like a technicality. Basically they named one vendor, that vendor was not certified.

What we do in those instances, we talk to the agencies, make sure they are doing the pre-proposal, pre-bid. There were discussions about the importance of filling out the forms and that all the firms named have to be MDOT certified. So we are going to be following up on this issue. Again we also have, we want to make sure that people understand the requirements and when they are bidding that their bids are not rejected because of MBE reasons. But in this case it was fatal mistake. There was one firm and it was not certified by MDOT.

COMPTROLLER FRANCHOT: And do you have the authority to just call the vendor and say, "By the way, this is going to disqualify you so why don't you amend it?"

MS. PEREZ-FOWLER: In this circumstance legally I don't think we can do that. Because it was a responsive matter and it was, again, they did not meet the goal, they did not ask for a waiver. And it's not something that could be deemed a minor irregularity that can be fixed. I think that on our end we just need to make sure that we do better training during the pre-proposal. Maybe we need to look at our forms that are more clear that it has to be MDOT-certified firms in order to meet the requirements.

COMPTROLLER FRANCHOT: Okay. I'm going to vote against this because of the principle, not anything to do with you, Mr. Dodson, or MEA. I

like wind energy. I like it in Somerset, by the way. So let me, where I can be helpful to you in your efforts, great. But please, these, you are the tip of the iceberg on these single bid contracts.

MR. DODSON: Understood.

COMPTROLLER FRANCHOT: But thank you for your explanation, thank you for your comments.

MR. DODSON: Thank you, Mr. Comptroller.

MS. PEREZ-FOWLER: Thank you.

GOVERNOR O'MALLEY: So what item was that? I'm sorry.

COMPTROLLER FRANCHOT: It's Item 2.

MS. FOSTER: It's Item 2, Governor.

TREASURER KOPP: Could you just, just very, very briefly tell us what Item 2 is now that we've gone through all the problems?

MR. DODSON: Sure, I will try to do it again. So Item 2 is a Community Wind Tech Support Contract --

TREASURER KOPP: And what is Community Wind Program?

MR. DODSON: The Community Wind Program, MEA implement an anemometer loan program to provide property owners with wind measurement tools in order to understand the wind energy resources on their site. With this information program participants can make informed decisions whether to move forward with wind energy projects.

In order to provide these program participants with the most accurate possible data, anemometer towers are deployed for 12 months at a time to capture different wind speeds over four seasons. The respondent will be responsible for the management, deployment, decommissioning, storage, and maintenance of the State's inventory of forward tilt up anemometer towers, anemometers, vanes, cables, data loggers, and all the other ancillary equipment associated with the loan program.

TREASURER KOPP: So this is the basic first step towards getting

--

MR. DODSON: Correct.

TREASURER KOPP: -- community appropriate energy.

MR. DODSON: Correct.

TREASURER KOPP: And what is the time frame for rolling out all of this?

MR. DODSON: So the contract is for a one year with four one-year renewals options. We hope to start the process as soon as possible.

TREASURER KOPP: And how are people going to know that this is possible? That the technology is available that they can go ahead and try to see -

-

MR. DODSON: Sure. As part of another program that we run, the Game Changers Competitive Grant Program, which supports the deployment of

game changing innovative energy generation technologies, one award that we made under this program is to the Land and Cultural Preservation Foundation for a community wind marketing development initiative. So what they did at LCPF was they used sonar detection and ranging, sonar technology, to assess and identify two champion sites and four next tier sites for community wind projects throughout the State.

TREASURER KOPP: So they discovered the sites, then you get the --

MR. DODSON: Then we do the anemometers --

TREASURER KOPP: Anemometers there to see whether in fact it would prove out. And meanwhile the people are doing what whose property this is on? What do they do?

MR. DODSON: Well they are going to eventually contract and they are looking to actually establish community wind sites on their property. So we are making the assessment. And there is already data that suggests these sites are excellent sites. But we want to make sure that the data we already have is verified by the anemometers.

TREASURER KOPP: Okay. And this is around the State?

MR. DODSON: Yes, it is. So the champion sites, Horn Point Lab, Frostburg State University. The second tier sites are at Piney Dam in Garrett County, St. Mary's County University, and then Garrett College.

TREASURER KOPP: What, St. Mary's County University?

MR. DODSON: St. Mary's University.

TREASURER KOPP: Is it really?

MS. FOSTER: St. Mary's College of Maryland.

MR. DODSON: The College.

TREASURER KOPP: Oh, I thought maybe something had happened.

MR. DODSON: No, ma'am.

(Laughter.)

TREASURER KOPP: That's great. And is this all written up somewhere, other than in this item? I mean, is there a glossy thing telling us about community wind --

MR. DODSON: Yes. There is a glossy thing that I would be happy to share with you that tells all about it.

TREASURER KOPP: Great. Good. Thank you.

MR. DODSON: Thank you, Madam Treasurer.

GOVERNOR O'MALLEY: All right. That item again was Item 2?

MS. FOSTER: Item 2 on the DBM Agenda, Governor.

GOVERNOR O'MALLEY: All right. Let's just call Item 2. The Treasurer moves approval, seconded by the Governor. All in favor signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed?

COMPTROLLER FRANCHOT: No.

GOVERNOR O'MALLEY: The Comptroller votes no. The balance of the Agenda moved by the Comptroller --

COMPTROLLER FRANCHOT: Governor, I have one other item.

GOVERNOR O'MALLEY: I'm sorry. Mr. Comptroller?

COMPTROLLER FRANCHOT: Madam Secretary, Item 3-S.

MS. FOSTER: Okay. Item 3-S is a contract to provide secure transportation services for Juvenile Services youth who are being placed in residential facilities outside of the State of Maryland. Ted King, who is the Director of Procurement for the department is here. He will be happy to address any questions you have.

MR. KING: Good morning, Governor, good morning, Madam Treasurer --

GOVERNOR O'MALLEY: Have you been here before, Mr. King?

MR. KING: Yes, sir.

GOVERNOR O'MALLEY: You have? So you are a veteran here? You're not going to let the Comptroller rattle you today?

(Laughter.)

MR. KING: I've met him on the campaign trail also. So, no sir.

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GOVERNOR O'MALLEY: All right. Breathe deeply.

MR. KING: I'm fine.

(Laughter.)

COMPTROLLER FRANCHOT: Thank you, Governor. And thank you for being up here with us today. I have some of the same concerns with this contract that I had on the previous item, which is that it is a -- well, it's the procurement issues that are of concern to me, not the service provided. So one thing that caught my eye was the location of the companies that were contacted as part of the RFP process.

MR. KING: Yes, sir.

COMPTROLLER FRANCHOT: Of the 20 vendors contacted, five were in California, four were from Tennessee or Kentucky, only three were from states along the northeast corridor, and none apparently were in Maryland. And the one that is selected, that is before us for a vote, comes from Pennsylvania. I find this curious. Is there really a shortage of capable and qualified firms that deliver these services --

MR. KING: Okay, well --

COMPTROLLER FRANCHOT: -- in this area?

MR. KING: -- first there were actually 76 companies contacted through eMaryland Marketplace and we directly solicited another 20 companies

that we were able to identify through a web search to find additional companies that perhaps could provide this service.

COMPTROLLER FRANCHOT: So there were 96 in total?

MR. KING: Yes, 96, yes, total.

COMPTROLLER FRANCHOT: Okay. What is the reason do you think why there are not any Maryland companies competing for this contract? Is it, is there something in the solicitation that inhibits Maryland participation?

MR. KING: No. I reviewed the procurement. This, just for full disclosure, this started prior to me taking on this position. So I reviewed this procurement and basically the services that are provided, there is a scarcity of this sort of service as far as out of state transport of youth. Primarily the services are provided to adult offenders. There are very few companies that service youth offenders. And we tried to make it as open as possible.

We, you know, normally you would ask for a company to have five years of experience. We lowered the bar to three years of experience. The only additional equipment that the vehicles needed was audio and video equipment. They also have to have, the two gentlemen, men or women, that would transport the youth have to have prior experience doing secure transport. And that was pretty much the only additional item that was needed. We thought that we had done a fair job trying to get as much, I guess get the word out. We contacted

GOMA to try, enlisted their help. And as we stated in our Board remarks, this was supposed to be a multiple award, we only got one bid.

After we met our award recommendation I personally contacted the other vendors to find out why didn't they submit a bid. Some said that they didn't want the upfront cost of having to up fit their vehicles. They would have to go out and hire personnel, qualified personnel to be able to do this contract. And this contract, we approximate that we would have 80 trips a year basically. In some cases we would go out to an out of state youth facility and transport them back to the State for a court hearing. They would do their day in court and then we would transport them back to the youth facility, or they would be at that point transported to their homes in Maryland. So it's, it is sort of an odd procurement.

I, you know, I feel the same frustration that you do as far as competition. I do believe that we have to think a little bit outside of the box. I think that going strictly with the listings on eMaryland is really, is, I think that day is gone. You have to go beyond the additional, I mean, you have to go out and get additional vendors and try to reach out to them. And like Carmina had said in the last item, you have to be able to reach out, doing a pre-bid conference and try to, you know, make it clear to them that if there is anything that they think is restrictive or something that is wrong with our solicitation to let us know. Then we can amend it prior to the bid proposal due date.

COMPTROLLER FRANCHOT: Well, you understand the competition issue as far as the taxpayers?

MR. KING: Yes, mm-hmm.

COMPTROLLER FRANCHOT: I'm also concerned about the Maryland --

MR. KING: Yes. Mm-hmm.

COMPTROLLER FRANCHOT: -- situation. Because I'm told by Maryland companies they are just told to pound sand when they go up to Pennsylvania and try to get a public contract.

MR. KING: Yes.

COMPTROLLER FRANCHOT: That it's, you know, the iron wall falls.

MR. KING: Yes, they --

COMPTROLLER FRANCHOT: And nobody, we can't get any business. So here we are giving a sole bid contract to, a single bid contract to a Pennsylvania company for something that does not strike me as --

MR. KING: Mm-hmm. And --

COMPTROLLER FRANCHOT: -- something that Maryland companies couldn't do.

MR. KING: Yes.

COMPTROLLER FRANCHOT: But anyway, thank you for your explanation and for not getting rattled.

MR. KING: Oh, no. No, I'm fine.

COMPTROLLER FRANCHOT: I didn't think you were going to -
-

MR. KING: Okay.

COMPTROLLER FRANCHOT: I didn't think I had that effect on people.

MR. KING: All right.

COMPTROLLER FRANCHOT: But you will understand that I'm probably, obviously I'm in favor of anything to do with helping youth --

MR. KING: Mm-hmm.

COMPTROLLER FRANCHOT: -- in this kind of judicial setting. But I'm going to vote against this because some adjustments need to be made in the procurement process.

MR. KING: Yes.

COMPTROLLER FRANCHOT: And any ideas you have would be appreciated.

MR. KING: Yes, sir. And just like I said in my Board remarks. We are doing a second procurement to get a second vendor. So we are going to, you know, try to do this procurement again and hopefully get more competition.

COMPTROLLER FRANCHOT: Shop Maryland.

MR. KING: Okay. I will. Thank you.

GOVERNOR O'MALLEY: Okay, that's Item 3. The Treasurer moves approval, seconded by the Governor. All in favor signal by saying, "Aye."
Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed? The Comptroller votes no?

COMPTROLLER FRANCHOT: Yes.

GOVERNOR O'MALLEY: The Comptroller votes no. The balance of the Department of Budget and Management Agenda.

COMPTROLLER FRANCHOT: There's only one item.

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're going to skip over University System of Maryland. Department of Information Technology?

MR. URBAN: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Greg Urban with the Department of Information Technology. I

have two items on the Agenda today for your approval. I'll be happy to answer any questions that you may have.

GOVERNOR O'MALLEY: The Comptroller moves approval --

TREASURER KOPP: I just have --

GOVERNOR O'MALLEY: The Treasurer has a question.

TREASURER KOPP: -- one question that Item 1 leads me to.

Item 1 is the fingerprint identification. Are you all looking into other biometric devices for our different systems? I just read something about how the iris measurement in fact may not be as good as everyone for some years thought it was, that it may change over time.

MR. URBAN: Okay.

TREASURER KOPP: And in fact people are sinking billions of dollars into it and it may not work. Do you look when you go up for these things -

-

MR. URBAN: No I can, there's probably two answers, ways to answer that question. So from the Public Safety --

TREASURER KOPP: One is not my department?

MR. URBAN: Right. So from the Public Safety portion of that, from the State Police or Public Safety and Correctional Services, I would have to ask them directly what they are looking at because I am personally unaware of what they are looking at. I know from a, more of a cybersecurity angle --

TREASURER KOPP: Yes.

MR. URBAN: -- from how we look at IT systems, former Secretary Schlanger, who is now the Cybersecurity Director, and I have been having conversations around exactly what kind of biometrics technology might help support --

TREASURER KOPP: Is dependable.

MR. URBAN: -- using the, yes, securing the IT systems that we run as a State. But it would be slightly different than the ones that they use for Public Safety just because of the, it's different issues.

TREASURER KOPP: Yes, no I get it. I just stumbled across this article yesterday --

MR. URBAN: And I don't know that we have any, I don't know of any work that we are doing using iris or retina scanning versus fingerprints and other, or palm prints or other biometric measurements.

TREASURER KOPP: Okay. Thank you.

MR. URBAN: You're welcome.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on now to the Department of Transportation. Okay. Any questions, Department of Transportation? 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. Mayor, I believe this is where yours is.

MR. COLLINS: That's right, Governor. Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, Al Collins, Secretary of the Department of General Services. We have 25 items on our Agenda and obviously we would be glad to answer any questions.

Governor, if I might, we have a number of very important people. The Mayor, as you indicated. But we have about five or six items, I would just like to call the names of those items and people can start raising their hands?

GOVERNOR O'MALLEY: Okay. And Delegate Mary-Dulany James is here as well.

MR. COLLINS: Yes. We have, before I just, the Bethel Recreation Center, representatives are over here.

GOVERNOR O'MALLEY: What number is that?

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MR. COLLINS: It's Item 12-CGL. About the recreation center. They were here. Item 13, Civista Emergency Generation. They were here. Muslim Community Center, this gentleman here, Item 15. Item 17, the Ripken Stadium, the Mayor of the City of Aberdeen. And East Baltimore Biotech Grants, Chris Shea is in the room. Good Shepherd Center, those folks are in the back there as well representing that great program. From the Administrator of the Town of Denton, the Wharves at Choptank, Item 23, Donald H. Mulrine, Town Administrator is with us. And last, Governor, I would point out is the City of District Heights, the Senior Day Care Center, Eddie Martin, Vice Mayor from District Heights is also here. And of course --

TREASURER KOPP: And I'm quite sure that the folks from the Olney Theater District are here in spirit if not --

MR. COLLINS: Yes. Yes. And of course, the County Executive from Prince George's County representing Item 25, I believe it is. So.

GOVERNOR O'MALLEY: Okay. Mayor? Or Delegate? I'm sorry. Whoever wants to go first.

DELEGATE JAMES: Actually I defer most of my time to the Mayor. But I just wanted you all to know, I know the Comptroller was in the House of Delegates as was the Treasurer when in 1999 the State of Maryland helped Harford County and the City of Aberdeen build Ripken Stadium, which is the biggest project that the State has ever funded in Harford County, at least to that

date. So it is just a tremendous project. We all love Cal Ripken and the entire family. So in any event, this is to assist the Mayor and the City with just helping upkeep that fabulous asset and they are ready to go and they have done all they needed to do. And I just want to thank all three of you on the Board of Public Works for all that you have done for Harford County and the City of Aberdeen. The rest is for the Mayor.

GOVERNOR O'MALLEY: Thank you.

MR. BENNETT: What she said.

(Laughter.)

MR. BENNETT: This is, the main part of this is to put a --

GOVERNOR O'MALLEY: And if you could both, I'm sorry, identify yourself for the record?

MR. BENNETT: I'm sorry. Mayor Mike Bennett, City of Aberdeen, Harford County.

GOVERNOR O'MALLEY: And the female voice you heard before was Delegate Mary-Dulany James.

MR. BENNETT: Yes, sorry about that. I should have known better. This is to provide a top coat for our stadium parking lot that hasn't had a top coat since the stadium was built. And Ripken Stadium is the largest tourist attraction in Harford County and we would like to keep it that way. And this is

going to go a long way to keeping that stadium functioning and moving forward, providing revenue for the City and for Harford County.

TREASURER KOPP: Great place.

MR. BENNETT: It is.

TREASURER KOPP: I still have our little, you were probably with us, little bats that I think Billy --

DELEGATE JAMES: Billy.

MR. BENNETT: Oh, yes.

TREASURER KOPP: -- signed. Yes.

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

DELEGATE JAMES: Thank you very much.

MR. BENNETT: Thank you. Have a great day.

GOVERNOR O'MALLEY: Bethel, you passed too. Everybody passed. Is everybody happy? Say amen.

MR. COLLINS: Amen.

(Laughter.)

GOVERNOR O'MALLEY: We go now to the University System of Maryland. I see --

MR. STIRLING: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Jim Stirling for the University System. We have ten items on today's Agenda. We do have some folks here on Items 8 and 10.

SECRETARY MCDONALD: Would you like Dr. Loh to come up on Item 8?

GOVERNOR O'MALLEY: Just a second. Let's see if, why don't we do everything but that item. So we're going to hold off on Item 8. Any questions on the balance of the -- Comptroller Franchot?

COMPTROLLER FRANCHOT: Yes. Item 10, Governor? Thank you. We're being apparently, Mr. Stirling, asked to approve an agreement between the University of Baltimore and the U.S. Postal Service. I believe Mr. Cassard is here?

MR. STIRLING: He is.

SECRETARY MCDONALD: -- think he's here.

GOVERNOR O'MALLEY: And President Bogomolny.

MR. STIRLING: And President Bogomolny is here.

COMPTROLLER FRANCHOT: Oh, terrific.

SECRETARY MCDONALD: And Steve Cassard is here. Always a treat at the Board of Public Works.

MR. CASSARD: Thank you.

MR. BOGOMOLNY: It's always nice to have Steve with me because I get such a good reception.

(Laughter.)

MR. BOGOMOLNY: I thank you, members of the Board, Governor O'Malley, Treasurer Kopp, and Comptroller Franchot. I am going to keep my comments very, very short and then answer any questions, if I may.

I'm happy to bring this what we would call legacy acquisition to you today after many years of effort and sometimes frustrating negotiations. It took us seven years, actually, to get to this point. And I think that is not a comment on our ability but rather on the --

GOVERNOR O'MALLEY: This has been an annuity.

MR. BOGOMOLNY: That's right, that's right. The property is vital, obviously, as a part of our ten-year master plan but also represents a major portion of Oliver Street which we have been in the process of redeveloping over the years right in the heart of the campus. It is a 50-year old truck repair facility which no longer belongs in the heart of a community we now know as UB Midtown and I know you are very familiar with it, Governor. And we wouldn't have accomplished this agreement without the help of Senator Mikulski,

Congressman Cummings, and Mayor Rawlings-Blake. The Postal Service was very interested in talking to us with a little help.

There was one condition in relocation and property swap. The USPS will only deal in terms of a property swap for a same or equivalent facility. And our Senator appropriately said that this could not be a project that cost the taxpayers of the United States any money. It had to be revenue neutral for the United States. We proposed six alternate sites to USPS and the four-acre parcel at Ashland Avenue best meets their need. And I think it is the fourth slide that is showing up there. By the way, it's a brown site which means that we will be redeveloping brown sites within the City which is I think really good.

GOVERNOR O'MALLEY: Is that right along the railroad tracks?

MR. BOGOMOLNY: Yes. Yes. The --

GOVERNOR O'MALLEY: It looks more red than brown, doesn't it?

MR. BOGOMOLNY: That's right. Maybe it was done in the Fall. The exchange agreement is contingent for a period of seven months, where each party performs due diligence with respect to the properties. There will be environmental studies on it, surveys on it, and investigation of the Oliver Street site. USPS is also going to look at the exchange site on Ashland Avenue on which the UB Foundation has an option that will be assigned to UB prior to the final presentation here. And either party will have withdraw rights if there are

unsatisfactory findings. There are some, obviously, these sites have been used and there are, needs to be smart about environmental things. We have a high degree of confidence that this will be manageable but we are going to do the appropriate diligence. And we will bring the project back at that time, and also when the construction award of the facility is there.

We are very, very happy that, what this does to our campus. It really fills in an area that we can ultimately use for either student housing or for recreation centers or for further joint development with our partners. So it's really very important to us.

GOVERNOR O'MALLEY: As the former Mayor of Baltimore, I am so glad you got that site. I mean, that was right smack dab in the middle of some great things you all have been doing in the center of our City. And President Bogomolny, I know this is your last year. And I just wanted to take, I'm sorry, Mr. Comptroller, to interrupt.

COMPTROLLER FRANCHOT: Sure, no, not at all.

GOVERNOR O'MALLEY: I want to thank you for your vision, for your passion, for your leadership. Everything you have done before, not only this institution to make it even more vibrant and to grow it, but also to do so in the context of the fabric of a growing and ever more diverse City. You have really been at the heart of Baltimore's comeback. And I am psyched you got this site. I

mean, this has been this hulking, dead spot in the middle of a vibrant campus. And this is really exciting.

MR. BOGOMOLNY: Well, thank you very much, Governor. I do have to say that it has been a real privilege and joy to be at the University, which will be almost 12 years, it will be 12 years at the time I step out.

GOVERNOR O'MALLEY: Wow.

MR. BOGOMOLNY: And it's also unanticipated to be able to help in the whole regrowth of an area of the City, which is very, very exciting. So thank you for your kind comments.

COMPTROLLER FRANCHOT: President Bogomolny, I have a couple of questions for the University System.

MR. BOGOMOLNY: Sure.

COMPTROLLER FRANCHOT: I agree with the Governor. I think it's terrific you are acquiring the property. But that phrase at no cost to federal taxpayers resonated with me, because I'm wondering about the State taxpayers as far as this particular transaction. First, President, are you moving on from this? Or are you here? Is this your -- were you referring to the President or Mr. Cassard?

GOVERNOR O'MALLEY: I was referring to the President.

COMPTROLLER FRANCHOT: Yeah, the President, and --

TREASURER KOPP: But Mr. Cassard --

COMPTROLLER FRANCHOT: Yeah, I understand Mr. Cassard is moving on, too. So weren't you Secretary of DGS at one point? Not you, you.

MR. BOGOMOLNY: No, no.

COMPTROLLER FRANCHOT: No? Well you had many, many positions I think over your 32-year career with the State. And Steve, I just want to, oh Steve, I just want to thank you for your, you know, your tenure. And your success. So let me just start by complimenting you, because I don't think you are going to be back for other Board of Public Works meetings. But maybe you will.

TREASURER KOPP: One never knows.

COMPTROLLER FRANCHOT: Maybe I'm misreading the whole retirement situation here. But anyway, let me ask about what the University is planning to do with this site because it's not at all clear to me, other than banking it for some future use. Do you have a game plan?

MR. BOGOMOLNY: Well I have a game plan but I'm going to be the former President. But I can tell you where there are immediate possibilities with respect to that site. The transaction, by the way, takes some number of years because of the swap nature of it. So it will take us about a year and a half to two years to finalize the truck replacement facility for the Postal Service. But we opened our first residence hall now two years ago. And although we are still primarily a commuter campus and we still will always be primarily a commuter campus, the growth of the University over the past ten years has been more than 30

percent. And we expect that kind of growth rate to continue and the need for residential facilities is there. And if I may say very quietly, our recreational facilities are equaled only to minor junior high schools, elementary schools and so on. We have an enormous need for revitalized and recreative recreation facilities. In addition to which we have partners who are very interested in adding some housing on the site. The site is big enough to house, to do some partnership things as we did with the Carroll project, as well as the direct use for the University. So I --

GOVERNOR O'MALLEY: Sounds like a residential tower with a gym on the ground floor.

MR. BOGOMOLNY: That would be nice.

GOVERNOR O'MALLEY: Open to all elected officials.

MR. BOGOMOLNY: And residents for a fee. Yeah, so we have very distinct needs. And in fact that is important. But the other thing is when you are an urban campus in the middle of a City, the opportunity to acquire space in the heart of your campus only comes up on a periodic basis. And it is very important that you take the moment to acquire that property when you can.

COMPTROLLER FRANCHOT: Okay. So there is no specific game plan other than in the future some kind of strategic --

MR. BOGOMOLNY: Strategic use --

COMPTROLLER FRANCHOT: -- proposal? Okay.

MR. BOGOMOLNY: Exactly. All right.

COMPTROLLER FRANCHOT: Let me just ask about the impact for the State taxpayers. Because according to my background materials you are acquiring a parcel of land that has an appraised value of \$5.5 million and when all is said and done we are going to be handing over a site to the U.S. Postal Service that has an aggregate value of about \$9 million?

MR. BOGOMOLNY: That is correct. The appraisal that you are referring to is an appraisal as a truck repair facility. The property has much more value, especially for the University, but much more value than that. If we, for example, were to do a public private partnership on part of it the underlying land value is well in excess of the amounts of money we are talking about. In addition, again, in a landlocked University you need to acquire the property when it becomes available at the prices that are being offered. So that we don't, we don't believe we are overpaying for the site. We believe that the appraisals are on the low side and on a use that no one will ever put that to again as a truck facility. So we are fairly comfortable with respect to value. Do you have anything to add to that, Steve?

COMPTROLLER FRANCHOT: Steve, do you want to help me with this? Because what we are faced with is objective appraisals.

MR. CASSARD: Sure.

COMPTROLLER FRANCHOT: And then there are subjective values added to it, which I'm not in a position to say don't make sense. And the Governor obviously thinks this make sense, and conceptually I do. But how do we protect ourselves from agencies coming and say, oh by the way, we are making this transaction and we are adding a subjective value to the State's part of the deal and we're paying a lot more money to our partner in this transaction.

MR. CASSARD: I understand that perspective. But as the President said, this site is appraised at a \$50 a foot value which is not uncommon in midtown. And all the comparables that we have are very unique unto themselves. This site is quite unique in that it is adjacent to the \$75 million, Fitzgerald, which was an extraordinary successful P3 that we had. And Mr. Comptroller, having been in the appraisal business for a long time --

COMPTROLLER FRANCHOT: Sure.

MR. CASSARD: -- we have very strong evidence, and we have discussed it with your staff, regarding what we think the upside value is. So --

COMPTROLLER FRANCHOT: And some of it makes sense and I'm not saying that this is a bad project. I'm just saying that it raises some questions about how we assess things if you have got a relatively vague "special consideration" added to the value -- well, anyway. So I've made that point. Let me ask about the Ashland Avenue property that you are acquiring to convey. Did

you identify the property for the sake of the transaction or was that site selected by the Postal Service?

MR. CASSARD: We worked with the City and the Baltimore Development Corp. and scanned the City for potential sites. We found six sites which Kevin is showing you here. That's the total of six sites. The Post Office found Ashland to be the most suitable. It is slightly larger than what they have. It is flat spaced. It is over off of Biddle, which is right where the City's depot is. And in City planning, this is an excellent location. This is where a truck repair facility belongs.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. CASSARD: In the eastern sector with like properties surrounding it. So they are very happy with this site.

COMPTROLLER FRANCHOT: Okay. Then the Post Office apparently has the right of final approval over the design documents and construction of the new facility?

MR. CASSARD: That's right.

COMPTROLLER FRANCHOT: That gives me just a little bit of pause because the State of Maryland will be responsible for bearing the costs associated with the new facility but the Post Office gets creative control over what is built. Not that I have a bad view of the Postal Service, but anyone who is essentially being offered the opportunity to spend someone else's money, i.e. our

money, what safeguards are there to that kind of agreement as far as them coming in and saying unanticipated, unapproved, cost overruns, we would like you to take responsibility for?

MR. CASSARD: Sure. Well we had the advantage, Mr. Comptroller, of starting with a program that the Post Office has off the shelf. The property is in effect a prototype building which is reflected here on this site diagram. We had it costed out. The Post Office is committed to the scope of that program. And it is written in the contract that if for any reason they adjust the scope --

COMPTROLLER FRANCHOT: Mm-hmm.

MR. CASSARD: -- it is on their nickel. We are committed to this scope and we will hold fast to that scope. Unless we make an error or an omission or something of that nature, the contract is very clear. If they change the scope while we are under construction --

COMPTROLLER FRANCHOT: Good.

MR. CASSARD: -- it's their problem.

COMPTROLLER FRANCHOT: That is what I expected from your participation. But is this going to be federal or State procurements?

MR. CASSARD: This is a very unique situation. It is a State procurement that will be run through the University of Maryland Baltimore Project Center. There will be some federal terms that interestingly enough the USPS

requires even though we are spending our money and it's our property until we transfer it. We have worked with contract litigation, our AAG is here to explain any detail further. But in short, if there are any provisions in the contract that, for example *Bacon-Davis v. Fair Wage*, whatever is the most stringent is the, will be the term that will be in the contract. So we will be navigating a unique situation because there are federal terms. But the AG Contract Litigation Unit has reviewed these. It's a unique circumstance. It's a business call. We hope we will get this project built without any complications or any disputes. So that said, it will be managed by the University of Maryland Baltimore Project Center and will be bid through the State procurement process. We will bring the contract to you to approve. And it's going to be in the neighborhood of about \$6.5 million for the construction, the design, the ancillary will be about another \$1.5 million, a total of \$8 million. The site is \$800,000, as you see. And with some other incidental costs, \$9.1 million is all in. We have fully disclosed the full cost of this project.

MR. BOGOMOLNY : By the way, this site was not the most expensive site by any means. We were happy when we could have persuaded the Postal Service that this was a good location for them. Because it did save money in the project overall.

COMPTROLLER FRANCHOT: Well I'm going to vote for it based on your participation, Mr. President, and Mr. Cassard. Because both of you,

obviously, have a lot of credibility down here. But it is, as you mentioned, Steve, a somewhat odd situation.

MR. BOGOMOLNY: I would say that any time when you negotiate with the Postal Service it's odd.

(Laughter.)

GOVERNOR O'MALLEY: All right. The Comptroller moves approval of Item 10-GM, 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. Congratulations.

MR. BOGOMOLNY: Thank you very much.

GOVERNOR O'MALLEY: I'm so glad you got that site.

MR. COLLINS: Governor, can I ask --

GOVERNOR O'MALLEY: Sure.

MR. COLLINS: Mr. Cassard, I understand Steve is retiring. He is an ideal public servant. You couldn't get a better model of what you would be looking for in terms of --

(Applause.)

GOVERNOR O'MALLEY: Mr. Cassard, thank you. And congratulations. And thanks for what you have done for us. All right. The balance of the Agenda -- well, actually, what's the one that --

MR. STIRLING: Item 8.

GOVERNOR O'MALLEY: The College Park one is what?

MR. STIRLING: Item 8.

GOVERNOR O'MALLEY: Eight?

MR. STIRLING: Item 8.

GOVERNOR O'MALLEY: Okay. Anything on the balance, not eight, but everything else. Any questions on the other ones? The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

We are now able to focus on Item 8. So do you want to tell us about Item 8, or Dr. Loh, or how do we want to do this?

MR. STIRLING: I'll introduce Dr. Wallace Loh and --

GOVERNOR O'MALLEY: Okay. Dr. Loh, come on down.

DR. LOH: Good morning --

TREASURER KOPP: Good morning.

DR. LOH: -- Governor, and Mr. Comptroller, Madam Treasurer. It's been three and a half years since I last appeared before you. And three and a half years ago I was a freshman. Today, I'm a senior.

(Laughter.)

DR. LOH: And I say that because I would like to ask your approval for an item that is of, may appear to be a small technical issue, surplus of three acres of land in a parcel of 38 acres, but of potentially monumental consequences for the University, for College Park, and for this part of Prince George's County.

I am embarrassed to say we have spent eight years, since 2006 to the present, trying to develop a hotel and conference center to serve the approximately 40,000 visitors to the campus who want to stay overnight and consequently they stay mostly in Washington and some of them in Baltimore. Six years we spent, from 2004 to 2010, working with two developers to develop this hotel as part of a much larger project, a new town center. The negotiations failed. And they failed for many reasons, the Great Recession and so on and so forth, but there are two special reasons. Number one, the entire project and this hotel requires substantial support from the University. And number two, the local community really did not support the creation of a whole new town center that would do nothing for College Park even though it would do nice things for the University itself.

I arrived as a freshman and I said we must work together with the county and with the city. We are joined together. We have to improve. We have to revitalize College Park if the University, the flagship, is going to continue its ascension.

We made a pivot. We said, look, we failed for six years to have a major town center. Let us just focus on a four-star hotel and conference center alone, nothing else. And the rest of the development will spread along Route 1 and in downtown College Park to revitalize the city itself. Because the future of the flagship is tied to the future of the city.

So we started looking for a smaller site, a smaller hotel thinking that that might cost less, the developers would not shift the cost to us. We sent out the requests for expressions of interest. We got about ten of them. We had a large committee. They reviewed it over several months. And they focused upon four.

Three of them were major developers and they said, yes, we can do a four-star small boutique hotel in this very small site near the Rossborough Inn, this historic site. But they all said you will have to provide substantial financial support.

The other proposal was from Southern Management Corporation, David Hillman, who said I am interested but I am not interested in this small site. I want to do a major, four-star hotel that will serve not just the University but the surrounding community and it has to be large. Because that is the way it is going to be successful. And he said two important things. Number one, I don't need financing. Number two, I'm not requesting any financial support from the University.

We spent time reviewing all of this and we finally decided that the best chance of success is to go with Southern Management Company. So we started then a process of conversations that lasted through the Summer and into the Fall to make his proposal more precise, the exact location, exactly what size, the configuration, the specifications, and so on and so forth.

Now some might say is this some sort of a no bid contract? Sole source? Well it is part of a larger process. But the University System of Maryland's policy, approved by this Board, is that real estate transactions are not within the State's procurement law. Because when we are buying widgets, of course we do a request for proposals and people submit their proposals. But when one is trying to retain a developer and you have to work with the developer and the conceptions keep changing, exactly how many rooms, what size, what location, one is not going to go out and have a new request for expressions of interest every single time. In other words, real estate transactions do not fall within the State law of procurement. In addition we made that very clear in the request for expressions of interest.

So what that led us to is that by, oh, about mid-September or so we took it before our Foundation Board. And the Foundation Board in terms of its real estate committee and its executive committee has the authority of the entire Board to make decisions. And what we proposed was the following: we would, assuming that this Board approves eventually, we will sell the three acres to the

Foundation at market rates; the Foundation then will do a long-term ground lease, 75 years, 99 years, to this developer; the developer pays market rates, a lease fee, plus a percentage of the gross profits. The advantage of doing it this way is the following: number one, real estate stays within the University of Maryland family as it were; number two, all of the risks are shifted to the developer; number three, the Foundation gets a very good rate of return on its investments; number four, and this is very important to the local community, this goes through the entitlement process; and above all that development, that hotel, that improvement will pay State and local real estate taxes which will be approximately \$4.5 million a year.

So that is where we are. There is no final agreement yet but we are hopeful that an agreement can be reached. And so I should say also something about, well, why would it be that all of these developers for eight years had said we cannot do this without significant subsidy and this developer says I will do it with no support from the University? I asked that question to him directly in private and his answer was very simple: I don't need it, I don't need the money. I don't need to do this project. I'm doing it because for me it is a legacy project to help the flagship institution. I care about the University of Maryland. Of course, I expect to make a profit on it but if I don't, that's okay. It's a legacy.

I have talked to so many developers. None of them has ever said that to me. So if this is somehow a sweetheart deal, it is a sweetheart deal for the University and for the State.

And then the question about his wife happens to be a member of the Board of Trustees, the Board of Directors of this Foundation. Suffice to say she had no involvement whatsoever. She is not a member of this executive committee that has the final authority. Besides, under the Maryland Code for Corporations and Associations if you have an interested director but the majority of the directors are disinterested and know about the relationship, that does not violate the law.

So let me briefly conclude by saying something about Southern Management Company, 1,500 employees. And what I find remarkable, of the 1,500 full-time employees 70 percent are people of color, 50 percent are women. And when you look at their management ranks you have the same proportion. And the reason why, last year, last year Baltimore Magazine ranked Southern Management Corporation one of the best places to work, it's precisely because of its diversity, because of its wages and benefits, and because of its policy of promotion from within.

What are its wages? The lowest starting wage is \$14.00 an hour, plus generous health benefits, plus contributions to pension of five percent that vests in six years, and contributions to profit sharing. You add that all up together it comes out to about \$20 per hour for the lowest starting wage at that company. And he has a, and so the Management Company has a record of commitment to BME. He will have at least 30 percent BME participation in the construction.

Let me just conclude by saying this will create over 1,000 construction jobs, 550 full-time service jobs. It is good for the flagship. It is good for the workers. It is good for jobs. It is good for development. And he is entirely open. In fact, very supportive to have a union election following consistent with NLRB rules in terms of having an election for this site and whether or not the employees wish to join a union

Thank you very much for this opportunity to say why this is a very important project for the University and for the local community.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Mr. President. You have made some great points. But on this issue of risk, I think it is extremely unlikely given Mr. Hillman's track record --

DR. LOH: Yes.

COMPTROLLER FRANCHOT: -- that this does not succeed. But let's just hypothetically say what happens if it does and this project comes back to the Foundation, I take it? That seems to me to be a bit of a risk as far as hypothetical and unlikely to happen, But in that instance moving to a new developer for a project that hasn't worked out, I'm not so sure that is risk free for the State, or for you, I guess.

DR. LOH: Sure.

COMPTROLLER FRANCHOT: So that's, but I appreciate your testimony, and really appreciate your leadership over there. So I'm eager to hear more. But I take it there is some risk in the --

DR. LOH: Well I can give you an example. George Mason University developed a hotel about five years ago --

COMPTROLLER FRANCHOT: Mm-hmm.

DR. LOH: -- and it's about to shut down because it is not profitable. So what they are doing is they are simply converting it to dorms and to classrooms.

COMPTROLLER FRANCHOT: Mm-hmm. Excellent.

TREASURER KOPP: Which was part of, actually, some original plans on the east campus also, as I recall?

DR. LOH: Well the original --

TREASURER KOPP: -- housing and --

DR. LOH: Yes, the original plan was to have an entire development on the east campus, a town center. Right now there is simply one hotel and it is no longer called the east campus, it is called the Innovation District. So there will be academic facilities. So if this should ever happen, then it becomes an academic facility.

COMPTROLLER FRANCHOT: Okay. And isn't there some kind of a component of an incubator, entrepreneurial laboratory in addition to the hotel?

DR. LOH: Yes, this is incredible. In the course of our joint planning, and this is together with the city and county staff. And thank you, Executive Baker, and Mayor Fellows for being here. But in the process of this collaborative process of planning and design, they came up with the idea on the first floor of the garage to have 18 innovation incubators for students to create new companies. So what an incredible idea, that you have this facility, you have conferences and people coming from all over, and they will see all the students trying to create new companies and galvanize the economy of the State of Maryland.

COMPTROLLER FRANCHOT: Madam Treasurer, do you have --

TREASURER KOPP: I would just point out to the Comptroller that some years ago the Legislature created a project in a new garage in Bethesda which had, no, which you weren't involved in, which had what is now called Imagination Stage in it. And nobody believed you could have that sort of a program in a garage with all the cars going over and everything. And it works beautifully. There is no disruption. There is no noise. I mean, it just works fantastically well. And I am really pleased to hear that our colleague, the former delegate in fact, is picking that up, too. No, I think, I appreciate your addressing the sequence of what happened.

COMPTROLLER FRANCHOT: Thank you.

DR. LOH: Thank you.

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GOVERNOR O'MALLEY: Mr. County Executive?

MR. BAKER: Thank you, Mr. Governor, Madam Treasurer, Mr. Comptroller, it's my pleasure to be here especially with President Loh. We're excited about this project, as you probably have guessed. Every time I come up here I talk about the renaissance that is taking place in Prince George's County and the development that is taking place especially along Route 1, which is why we are so excited about this project.

As the President said, this project is approximately a \$115 million project. It will be a stone's throw away from the Purple Line, which is coming to Prince George's County and straight through to Montgomery County. It also gives us something we don't have right now, and that is a four-star hotel in College Park with a conference center. Especially since we are moving to the Big 10, as much as I like my friend the Mayor of the District of Columbia I certainly don't like sending revenues down his way. So I'd like those revenues to stay in the State of Maryland and especially in Prince George's County. This will give us an opportunity.

It will also create over 1,000 jobs during the construction and permanent phase of this, and that is important to us.

And then the other thing which is not lost on me, since I presented my budget last Thursday, is that it will generate approximately \$4.4 million in

State and local revenues. As I had to close a \$111 million budget deficit, having revenues in the county will certainly be something that I am interested in.

Let me just close with this, and I have said it to each of you individually. One, I want to thank you for your support over these almost four years. Like the President when he said he was a freshman, and now he is a senior, and unfortunately I'm still a junior. But we wouldn't be able to make the type of turn arounds in Prince George's County that we have seen over these almost four years. I think I would, and I think you would agree with me, I don't know that anybody in December of 2010 would have said that the Washington Post would write an article about Prince George's County three years later that it really is becoming the place to be. That is not solely because of the work that we are doing in the Prince George's County government. That is because of the partnership with the State, with each of you. We could, certainly could not do any of this.

This is another corner of that partnership. This will allow us to not only build up College Park but give us the opportunity to take from College Park, and if you can imagine this, all the way down to the Rhode Island Metro Station in the District of Columbia, having an arts development along there where revenues are coming both in the District and Maryland. That is what this really is. So it is not just a single project, as the President said, for the University of Maryland. It really is a jump start for us in the State of Maryland. And that is why I am pleased to support this project. And I am very pleased that Mayor Fellows is joining us,

the Mayor of College Park, showing that we are all in this together. So I thank you, and thank you for hearing me.

GOVERNOR O'MALLEY: Thank you, Mr. County Executive.

COMPTROLLER FRANCHOT: Could I ask a question?

MR. BAKER: Yes.

COMPTROLLER FRANCHOT: Mr. County Executive, thank you, and thank you for the leadership. It doesn't surprise me that the Post is so supportive of Prince George's County. And so congratulations to you and your team. Help me understand what the relationship between the conference center/incubator/hotel, what is the relationship? Once it is built, assuming it is built, between that and the county as opposed to the University. Are you --

MR. BAKER: It --

COMPTROLLER FRANCHOT: -- seeing this as a flagship type place? Or what --

MR. BAKER: Oh yes, yes. This is the anchor. When I talk to our folks about really expanding what we have now as a small part of the arts district, expanding that development and creativity and attracting, quite honestly, a lot of the younger people who go into the District of Columbia now to live, attracting them to Prince George's County in Maryland, this is the anchor. Right there at College Park, will go all the way down. And putting it next to, and I wanted it on Route 1 and the President is right, I like these campuses, I supported it. But having

that Route 1 and the investment we are going to make from the county's perspective is just going to add to this. And so certainly we see this as a major part of our development efforts in Prince George's County. And it ties directly into something that the Governor and the Lieutenant Governor have helped me on, and that is our Transforming Neighborhoods Initiative. Where we are targeting these areas throughout Prince George's County that heretofore have been underserved. Well, this is going to help us take that all the way down to some of those areas and create jobs and opportunities and entrepreneurship in these areas. So we are really excited about, as you can probably tell.

COMPTROLLER FRANCHOT: Dr. Loh, could I get you to comment on once it's constructed what the relationship is between the University and this? Are you going to be driving teams from the Big Ten and other visitors to this hotel to make sure it's successful?

DR. LOH: Well yes, there will be a lot of visitors from the Big Ten. I can tell you that the President of Ohio State told me just yesterday, we were on a conference call of all the Big Ten presidents, that to expect at least 30,000 Buckeye fans for the first game.

(Laughter.)

MR. BAKER: And those are just the Maryland people.

COMPTROLLER FRANCHOT: Yeah.

DR. LOH: Right.

(Laughter.)

DR. LOH: And I can assure you, Mr. Comptroller, that when they come in to Byrd Stadium the Ohio Buckeyes will learn a lesson. They will learn to fear the turtle.

But in terms of your broader question, yes. As the Executive has said, the whole idea, what was fundamentally flawed with our first conception is to concentrate all development in one small area that has no benefit whatsoever to the rest of the community. I mean, College Park has this wonderful old town, 800 houses. Do you know how many houses are owned and occupied? Ten. Here now is a hotel almost across the street. It will galvanize private development. Already people are coming up and saying we want to bring a grocery store. We want to start a coffee shop. That hotel will galvanize private development.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR O'MALLEY: How about the Mayor? Would the Mayor like to be heard? Mayor, come on down.

MR. FELLOWS: Good morning. Andy Fellows, I'm the Mayor of the City of College Park. And I just wanted to underscore, when I became -- well, first of all I'm probably a junior now because I was sworn in four years ago. And at the time we had a situation where we were pretty frustrated with our relationship with the University. I am proud to say now that that relationship has really transformed. We do a collaborative planning process both with the University of

Maryland and Prince George's County. Thanks to the State's leadership we are looking forward to the Purple Line coming through College Park and also Route 1 being revitalized and redeveloped along our corridor. But I also think that the University's vision with us, to not just concentrate development in one space at what was east campus, and in a conference center that would galvanize Route 1 and develop it up and down our city, is a really great vision. And we are really proud to be supportive of this and proud to be here. And thank you for your support.

GOVERNOR O'MALLEY: Thank you, Mayor.

COMPTROLLER FRANCHOT: That is an incredible accomplishment. In Takoma Park, something like this we would still be debating it 30 years from now. So I am delighted that you, I take it the other local officials like Senator Rosapepe are in support?

MR. FELLOWS: Yes. Every single one of us is really supportive of this. And we have been working together. And that is one of the reasons, that we have been in communication with the University and the county and the city and the State delegations are really in great communication during this process.

COMPTROLLER FRANCHOT: If it happens in Takoma Park, it is debated in Takoma Park. Or something to that effect.

MR. FELLOWS: Well we love our friends in Takoma Park, so.

COMPTROLLER FRANCHOT: Anyway, good. That's a real turnaround from a few years ago.

MR. FELLOWS: Thank you.

TREASURER KOPP: That's terrific.

GOVERNOR O'MALLEY: All right. How about Mr. Boardman?
Tom Boardman?

MR. BOARDMAN: Governor O'Malley, Comptroller Franchot, Treasurer Kopp, I want to thank you for the opportunity to appear here today. I guess in today's context I'm in my second year of post-graduate work on this project, having been observing this exercise for about six years now.

My name is John Boardman. I'm Executive Secretary Treasurer of Unite Here Local 25. My union represents about 6,500 hotel workers who work in the District, Virginia, and in the State of Maryland. Some of you may recognize us from the work we do at Gaylord National.

I'm here today to express some serious reservations I have about the University administration's proposal to sell the State's land, the decision process that resulted in the request for the sale, and the individuals and institutions who are players in the process. Let me start by saying Local 25 represents or seeks to represent workers such as those who would be employed at this project.

We have done a review of this deal having been tracking for the past six years the University's development efforts on the east campus. Some will

criticize our presence here today by saying we are attempting to force the hotel project to be union. That is in fact prohibited by federal law. The decision to be union resides solely with the workers. Our goal in this project, as in numerous others, is to give those workers the easiest opportunity to exercise the right to decide.

That said, I am not here today to argue in favor of workers' rights but because the deal itself does not merit Board approval. In the course of our research we have become familiar with the specifics of the project and have discovered several problems with the arrangement that trouble us as citizens and as supporters of responsible public development, particularly development sponsored by public education.

I have to respectfully disagree with some of Dr. Loh's statements with respect to what it takes to develop a hotel. I have been in the hotel industry for 34 years. I consider myself pretty well versed in the development aspect of the hotel industry. And in fact have witnessed multiple jurisdictions with whom we have relationships develop hotels using bidding processes such as the ones we would expect would occur here. There is no real restriction on concluding successful deals simply because one uses a format of a competitive bidding process. In fact we think those are the best deals, as you may hear me say later on.

But let me get to the point. First of all, I am concerned that the University administration has abandoned a responsible process for selecting

developers. They have instead, despite Dr. Loh's representative, elected to do a sole source no bid deal with the developer David Hillman whose capacity to produce the desired project is unclear and who has limited if any experience in the type of hotel the University is seeking. Mr. Hillman is one of the University's major donors which should raise further questions about the integrity of the selection process for the project. Furthermore, I am confused by the administration's decision to sell to a private Foundation land that has been in the possession of the University since it was first deeded to it by George Calvert. That is correct, Governor.

It is understandable that the University may want a hotel on its property to support its programming. But if that hotel were really important to its mission I would not expect the University to cede control of it by selling it to an independent entity, the University of Maryland College Park Foundation, Inc.

The administration has argued that they want to limit the risk to the University. But as a person trained in business and intimately familiar with hotel business in particular I find this argument highly suspect. Obviously the project's risk itself does not change when the land is sold. What I am guessing the administration means is that the Foundation will be facing the risk instead of the University. That does not make sense either, because the Foundation to which the risk is transferred is where many of the University's student scholarships come from along with academic program support and faculty improvement. The

Foundation's purpose is to support the core mission of the University so I would like to know if the project is inherently too risky for the University how is it safe enough to put student scholarship funding on the block?

On the face of it the risk management argument the administration is making is dubious. But there are lots about this deal that the Foundation still has not told us which we would need to know before we can really talk about the nature of risk in this project. Risk must always be measured against return and we will never have a way of knowing what that equation provides in this instance.

The risk argument does not make much sense. But what is completely clear is that the Foundation faces much less public accountability than the University. The Foundation after all is a private entity with a self-perpetuating leadership structure. It is not subject to public review. The Board should ask themselves why the administration is seeking a business structure here with so much less accountability than has been the norm at the University of Maryland.

Let us take a moment to take a look at what got us to this point. Here is a brief timeline on the project over the past year. In April of 2013 the University put out what is called an RFEI, request for expression of interest, for a hotel partner on a parcel of land next to the historic Rossborough Inn on campus. The RFEI closed on May 10th. The University it was reported, and you heard, received a strong response to the RFEI including several proposals.

Less than a month later on June 3rd the former Vice President of Administration and Finance Bob Specter who was heading the project suddenly resigned.

In late August Local 25 was informed by an administration representative that they had given up on the April 20, 2013 RFEI and were in the process of rethinking their approach.

Finally on September 12, 2013 the Foundation and Mr. Hillman signed the sole source agreement to develop the hotel.

In multiple documents submitted to State officials which are included in my testimony the University System administration stated that the University issued an RFEI during the Summer of 2013. Union research staff searched thoroughly for this document and can find neither the document nor any other references to it anywhere. Based on the timeline I just outlined it is doubtful it existed and from Dr. Loh's testimony I guess we can concur that there was no Summer of 2013 bid process.

As you can see in the exhibits here, this is an excerpt from a letter from the University System to the Maryland Office of Planning. The administration went on to assert explicitly to State officials that the current deal with Mr. Hillman was the result of a Summer 2013 RFEI. That's possible they may have been referring to the April, 2013 RFEI but in that case then we have a

serious problem because there is no way that current deal with Mr. Hillman could come out of that RFEI.

Let us compare the April, 2013 RFEI and the proposed deal. As you can see on the map from the RFEI, the RFEI was seeking to develop a parcel on campus adjacent to the historic Rossborough Inn. As you can see in the map from the document the administration prepared for the Board of Regents in November of 2013, the current deal is for an entirely different three-acre parcel on east campus. This parcel, in fact, was never bid, never discussed with other developers.

Consider also the text from the RFEI. Here the University said they, and I quote, “will not consider selling or otherwise subordinating its real estate.” I guess if I am a developer looking at a deal and I am told that, I cannot possibly come up with the deal that Mr. Hillman did because I have been told I cannot do that. If they followed through on the RFEI the administration would not be here today asking for permission to surplus the State’s land.

Finally as you can see from this excerpt from the RFEI the University describes the qualifications it is seeking in a developer. Important, wouldn’t you say? The text says the developer should first and foremost have experience in developing and owning high quality hotels in prestigious academic or otherwise institutional settings. I encourage you to ask the Foundation about the

developer's experience with hotels in academic settings and his experience with hotels generally.

So in short I would like to know why the University System implied to the Board of Regents and stated explicitly to the Office of Planning that the current deal resulted from a competitive bid process. It did not.

I would also like to draw your attention to another line from the administration's summary of the deal for the Board of Regents. As you can see in this document the administration explains that much of the required due diligence remains to be done. Sales management, the ground lease, the management agreement, the final pro forma, and the new hotel demand study, among other things. They then explain, and I quote, "the USM office would not normally request the Board of Regents to approve the disposition of real property without this due diligence being substantially complete. However, the disposition of property is a lengthy process and we believe it would be more efficient and effective to conduct the real property disposition and the due diligence process concurrently rather than sequentially, resulting in a smoother and more timely project completion." How many troubles have emerged from efficient and effective processing?

There is a reason there is competitive bidding. It would seem that the administration was so eager to secure approvals that they were willing to give up the usual responsible business practices in order to lock down State permission

for the project as quickly as possible. No responsible business person would ever seek to close on a deal without completing the necessary due diligence yet the administration asks the Board of Regents to do just that. It is now asking you to do the same.

In summary why is the University attempting to sell off a 150-plus year old State land asset? Why is it abandoning its publicly accountable bidding process and instead using a private foundation for a sole source deal? Why does the sole source developer, who does not fit the criteria set forth in the University's own initial bid, and who also happens to be a politically connected major donor to the University, get that bid? Would the bidders from the first RFEI like to have a shot at bidding on a project on this piece of land? Would they have offered a better deal? You will never know.

Mr. Governor, Mr. Comptroller, Madam Treasurer, the proposed deal looks bad, it smells bad, it probably is bad for the State of Maryland. I can't say it for sure but I can certainly say that this is how bad deals get done. I urge you to reject the current proposal and to give the University administration a chance to submit to a more responsible transparent proposal process. Thank you very much for your time. I will be happy to answer any questions.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. Do you have any response to the testimony about what Mr. Hillman is planning as far as wages and benefits? And do you have any reason to think that would not be part of the project?

MR. BOARDMAN: I have no idea what Mr. Hillman is planning for wages and benefits.

COMPTROLLER FRANCHOT: Well we had some testimony earlier about hourly wages with benefits and I'm just wondering if you in your post-graduate status on this project would have any comment on whether or not that information would actually flow through to the facility should it be approved and built?

MR. BOARDMAN: Mr. Comptroller, we have no way of knowing what will happen on this project. You don't, we don't, it's a closed book now if this deal goes through as structured. You will never know, we will never know. It is moving to a private Foundation which will execute the deal with a private developer. What happens inside that? Anybody's guess.

TREASURER KOPP: We only have what the University said and what Southern Management said. I want to thank you for coming in and meeting with us earlier, by the way, and raising these issues. They are issues that needed clarification and it allowed us to ask the University and the county the questions that are very real, significant, important questions that I believe they addressed at

this hearing and may not have if you had not raised it. And I thank you very much for doing so.

GOVERNOR O'MALLEY: All right. Why don't we give the University --

MR. BOARDMAN: Thank you.

GOVERNOR O'MALLEY: -- do you want to respond to any of those issues Mr. Boardman brought up? Like that the site you advertised was not the one where this is ultimately going? Or the fact that if you had advertised the site where it's going there might have been more competitive bids? Or the fact that you are doing business through a nonprofit and making it therefore publicly unaccountable?

DR. LOH: I will be happy to do so. I will basically be repeating myself. I will try to make it very brief. Mr. Boardman keeps emphasizing that this is a sole source. Let me simply say two things. The laws of the State of Maryland, Section 11-203(e), State Finance and Procurement Article exempts the University from State procurement laws provided that the University has its policies and these policies have been approved by this Board. And those policies say, "procurement policy does not apply to any action involving an interest in real estate."

We did go through an RFEI process. But we didn't have to for the reasons I have already described. Dealing in terms of hiring a developer is not like selling widgets, point number one.

Point number two, we did not, Hillman did not meet the criteria. He was not one of those well-established developers of hotels. He has developed two hotels, one in Arundel Mills. But you know, it is not Southern Management alone. Part of the deal is that he will hire world class designers and architects. We do not want some shoddy, second class hotel. And he did not have the experience, like people who have built many, many prestigious hotels have. But it is really controlled by who you hire. World class designers and architects that we recommend and he has agreed to follow.

And finally selling the land to the Foundation as a private entity, advisory to the University, an executive committee about ten people, eight of whom are major developers. And somehow that if this thing fails we will, the Foundation is liable and we will somehow raid our scholarship funds. We have just finished a \$1 billion campaign. Fifty percent goes to scholarships and almost every penny is in a designated endowment. We cannot use it for things other than scholarships. And most of the other money is for capital construction.

Why then are we going via the route of a Foundation? Most universities are going that route for the simple reason we have learned in seven years we are not in the real estate development business. We have failed for seven years. We tried to be the developer. Here we have a Foundation with an executive committee with seven major developers who develop hotels. Let them take the lead. Plus of course they are trying to do things in the best interest of the

University of Maryland. That is the reason why we are using the Foundation. And for the reasons I have already indicated, that this is also beneficial to the community, it does not take the property of the taxpayers.

GOVERNOR O'MALLEY: Have we have our legal counsel look at this? I mean, is everything that, I mean, is Dr. Loh's reading of, I'm not sure what you were quoting, Dr. Loh. Is that your policy as approved by this Board?

SECRETARY MCDONALD: He is directing and citing to 11-203(e) and into the rules and regulations. Everything that he said is via the Code, the Annotated Code of Maryland State Finance and Procurement is accurate --

COMPTROLLER FRANCHOT: But I'm always struck by, remember Dr. Loh when he first came down here said that he was a public interest lawyer.

SECRETARY MCDONALD: I know.

COMPTROLLER FRANCHOT: And that means in the public interest he doesn't practice law. And I identified with that very closely, but that's okay. I'm, you are saying everything has been corroborated?

SECRETARY MCDONALD: Having been your general counsel many years ago, and then having sat there, we went through the policies and the law and all that. I will confirm what Dr. Loh says about the State procurement law.

GOVERNOR O'MALLEY: Greg, how about you? I mean, have you looked at that?

SECRETARY MCDONALD: Greg, come to the microphone.

MR. BEDWARD: Hi, good afternoon. Greg Bedward, counsel to the Board. I will confirm what Executive Secretary McDonald is saying, that the University's policies and procedures are outside of the State Procurement Article. They do have their own policies and procedures which the Board has approved. Typically when University items come to the Board they do come with the assurance that they have complied with the University's own policies and procedures. So what Dr. Loh stated, when he quoted from 11-203 of the State Finance and Procurement Article, is correct.

GOVERNOR O'MALLEY: Can I ask a stupid question? Why are they here then if they don't need us?

MR. BEDWARD: Well they are here under -- yeah, exactly. Under 10-305 of the State Finance and Procurement Article any disposition, any surplus of State property needs to come to the Board. And there is a 45-day, they first have to come to the Board for permission to surplus the property, wait 45 days, and then come back to the Board for permission to dispose of the property. And that is essentially the nature of this item before you. They are requesting permission to excess it, wait 45 days, and then come back after that period has --

GOVERNOR O'MALLEY: I see.

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MR. BEDWARD: -- expired to dispose of it.

COMPTROLLER FRANCHOT: And could I ask are they, has the University also got another appearance before us in this particular project?

MR. BEDWARD: After the 45-day period has expired. So yes, they will appear before the Board to dispose of the property.

TREASURER KOPP: To transfer it to the --

MR. BEDWARD: Foundation.

TREASURER KOPP: -- Foundation?

MR. BEDWARD: Correct.

GOVERNOR O'MALLEY: And what is supposed to happen in those 45 days? Other people that might not have been able to bid on this are able to bid on it?

MR. BEDWARD: There is a review period before the Legislative Services and several other committees, and it will go through the State clearinghouse process. But no, there isn't a bidding process during that 45-day period, no.

GOVERNOR O'MALLEY: It doesn't appear there was one on the front end either. But we're solely asked whether or not we agree to surplus this land?

MR. BEDWARD: That's correct. Governor, I am happy to consult and confirm with the University's Assistant Attorney General to move further back

in our research so that I'm confident in that Attorney General's research. But I'm happy to give the Board further assurances that in fact how the University has proceeded to date is in full compliance with their policies and procedures to give the Board additional comfort.

GOVERNOR O'MALLEY: And did the Attorney General's Office look at this?

MR. BEDWARD: Yes.

GOVERNOR O'MALLEY: So they already looked at it? Are they here? Crickets. But they looked at it? How do you know they looked at it?

MR. BEDWARD: They look at each transaction that they review for legal sufficiency.

GOVERNOR O'MALLEY: And when were those policies that allow you to do deals like this, when were they adopted? Like sometime after George gave you the land and then --

MR. BEDWARD: Yes, I don't have the date of when the Board's policy in terms of the University's policies and procedures were adopted by the Board. I do know --

SECRETARY MCDONALD: It was about 2000. 1999 was when the law was passed, and it took us about a year or two to get everything straightened out. But it has been more than a dozen years now.

GOVERNOR O'MALLEY: Hm.

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SECRETARY MCDONALD: And the cooling off period, for the 45 days, that had to, about eight years, nine, ten years ago. They just wanted to make sure there was sort of a cooling off period before the State could surplus property and then people if they had comments on the State losing their property they could come in and tell you 45 days later instead of the State being able to surplus it and sell it all at one time. So that was built into the law. That wasn't anything about the University.

GOVERNOR O'MALLEY: Mm-hmm.

SECRETARY MCDONALD: That was some other transaction.

GOVERNOR O'MALLEY: Mm-hmm.

TREASURER KOPP: But the separation of the process of procurement of the University from the State Procurement was established in the creation of the University System of Maryland. And then there actually was some elaboration under a task force chaired by the former Lieutenant Governor, former Attorney General Mr. Curran.

GOVERNOR O'MALLEY: I've heard of him.

TREASURER KOPP: Yes.

GOVERNOR O'MALLEY: I wasn't aware. I didn't follow that news.

TREASURER KOPP: No, it was quite a while ago.

GOVERNOR O'MALLEY: I appreciate that historical footnote.

Hm. Anything else on this? Anybody want to move it?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: The ayes have it. This concludes the meeting of the Board of Public Works.

(Whereupon, at 11:56 a.m., the meeting was concluded.)