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

October 19, 2011

10:26 a.m.

P R E S E N T

GOVERNOR MARTIN O'MALLEY, Presiding;

HONORABLE PETER FRANCHOT, Comptroller;

HONORABLE NANCY KOPP, Treasurer;

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

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

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

BEVERLEY SWAIM-STALEY, Secretary,  
Department of Transportation;

MEREDITH LATHBURY, Land Acquisition and  
Planning, Department of Natural Resources;

LUWANDA JENKINS, Special Secretary,  
Governor's Office of Minority Affairs;

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

MARION BOSCHERT, Recording Secretary, Board  
of Public Works.

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P R O C E E D I N G S

GOVERNOR O'MALLEY: All right, good morning everyone. Thank you for being here.

SECRETARY MCDONALD: Good morning, Governor.

GOVERNOR O'MALLEY: Hi, on this sunny day. We're using every floor of this building today, aren't we? We have the General Assembly wrapping up their special session downstairs and then this is a meeting of the Board of Public Works. And the Treasurer is caught in some bad traffic behind some accidents and some backups so I believe she's okay with our getting kind of rolling here. And we'll start from the back and kind of work our way forward.

And as we begin let me note that one of the things that we talked about yesterday in one of the hearings with the Legislature is we looked at things we could do to accelerate jobs and create more jobs, and to streamline the approval, permitting, licensing process, regulatory process. We've been embarked on

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that last effort through an effort called Maryland Made Easy. And what we hear all of the time from citizens is that the regulatory process is cumbersome, and sometimes there's redundant regulations, and sometimes it takes way too long to get a yes or a no. So we're doing comprehensive reviews of every one of the departments, looking at their regulations. Not in terms of how long they've been in place, or with the standard of that's the way we've always done it, but rather if we were making this anew what could we do to combine redundant regulations to do things in a contemporaneous way and cut down the time it takes to go through regulatory process, especially when you're doing something as important as creating jobs.

So we have a website that is set up. We're asking citizens to alert us. We are not infallible. We work hard, and we try to make things better everyday than they were the day before. But if citizens have particular suggestions because of their own backgrounds, their own experiences with this, we

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urge them to go onto the [easy.maryland.gov](http://easy.maryland.gov) website. And Kevin Large is pulling up that website even as we speak. Give us your suggestions. Point to those things that you believe are cumbersome. A lot of times when we peel back the onion we find that things, that some of these things are actually at the county level, or at the municipal level. But nonetheless, they are all, this is all part of a government that's supposed to work. And if we get suggestions that are county oriented we will certainly share them with the county commissioners and county executives of our State.

But we welcome all suggestions. Department of Health and Mental Hygiene is ahead of the other departments on this score. They've already been following a course of public solicitation and input that's allowed them to identify already a number of regulations that they believe are obsolete, or can be repealed, or consolidated and put with others. But if you have suggestions, again, it's [easy.maryland.gov](http://easy.maryland.gov).

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And with that, I ask the Comptroller if he has any suggestions, not on easy.maryland.gov, but any opening thoughts?

COMPTROLLER FRANCHOT: Thank you, Governor. I was actually hoping that you could help me get a permit for my deck.

(Laughter)

COMPTROLLER FRANCHOT: I'm trying to -- it's Montgomery County, though. It's a tough area. But thank you very much. And I look forward to Treasurer Kopp joining us. And obviously this week we've got the pleasure of having the Legislature in session, special session, and they're dealing with important matters. It's good to see them.

When the legislators return in January for the regularly scheduled session I'm going to be knocking on their door with a very important document in hand. I'm going to be presenting to the legislative leaders copies of a petition that will have been signed by 10,000 Marylanders calling for the

creation of a stand alone course in financial literacy as a graduation requirement for our State's high schools.

Governor, I really appreciate your support. It's been consistent support for this initiative. It's an important consumer protection and education reform. Basic lack of understanding about finances has hurt so many of our Maryland families who have signed up for adjustable rate mortgages with unreasonable balloon payments. Who have put debt on their credit cards that have sent their credit ratings plummeting and driven household budgets into the red. And in so many cases through their inability to secure good paying jobs as a result, frankly, of their own troubled financial histories. I often tell kids to look at, when I visit the schools, look at your hand, and your fingerprints are unique to you, they are permanent. But if you get a bad credit rating, you'll have a better chance of changing the fingerprints on

your hand than correcting that bad credit rating. It sticks to you.

So four counties, frankly, have already accomplished this requirement on their own. I applaud Allegany, and Carroll, and Talbot, and now Charles County for stepping up and showing proactive leadership on this front of financial literacy. These counties have proven that the objections thrown up by the bureaucrats are red herrings at best and blatant misrepresentations at worst. These four counties have implemented their courses efficiently and economically using a broad array of online and donated resources that are available. They have incorporated these stand alone courses into the core curriculum without causing undue disruption to the students' schedules. And to a person the students who are taking these courses, as well as their teachers, will tell you that the courses are making a difference.

I know, because I've been around the State and talked to them. I know that there are individual

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schools, of course, in every jurisdiction that have some selective excellent business financial courses that are offered to the kids. Later this morning we're going to be talking to Baltimore County officials about its, that county's supplemental school construction request. I've visited in Baltimore County, Lansdowne Academy several times. I'm very impressed with its classes. I've been struck with the caliber of students that have taken the financial courses at Overlea High.

But whether it's Lansdowne or Overlea in Baltimore County, Blair High School in Montgomery, or Parkdale High in Prince George's, these are elective courses that only a very small percentage of the student populations are taking. We need to expose all our students to these vital skills, ones that will help them start their adult lives on sound financial footing.

As I mentioned, it's my goal to deliver a petition signed by 10,000 Marylanders urging the

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General Assembly to take action. I'm encouraged that in only a couple of weeks of having the petition we've already gotten more than 30 percent of the signatures. The last few years we've gotten bills passed through the Senate and I know with the voices of Marylanders ringing loud and clear in their ears that the Legislature in their wisdom will give us success this year.

I encourage everyone to sign the petition at [marylandtaxes.com](http://marylandtaxes.com) and help secure our children's future and our State's future. And with a great sense of excellent timing, I notice the Treasurer has just arrived.

Thank you for your support of this financial literacy initiative. You and the Governor have been steadfast and I am personally grateful. Thank you, Governor.

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

TREASURER KOPP: I think I will just quietly unpack and thank you very much.

(Laughter)

TREASURER KOPP: It's good to be here.

GOVERNOR O'MALLEY: Okay. We were going to start from the back and move forward. Do we still want to do that?

MR. COLLINS: Yes --

SECRETARY MCDONALD: Senator Astle is here, I think --

GOVERNOR O'MALLEY: On DGS?

MR. COLLINS: Yes, Governor.

SECRETARY MCDONALD: -- on DGS items.

GOVERNOR O'MALLEY: All right. We'll call then the Department of General Services as the first order of business on the Agenda today.

MR. COLLINS: Good morning, Governor, Madam Treasurer, Mr. Comptroller. The Department of General Services has 22 items on our Agenda. We are withdrawing Item 1. And I'd be glad to answer any

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questions you have at this time. Governor, I'd like to point out that we have three items on our Community Grants and Loan Agenda today, Items 16-CGL, 18-CGL, and 21-CGL. On Item 16-CGL Senator John Astle is in the room representing and talking about the Anne Arundel County Visitors Bureau along with other representatives. And on Item 21, the Maryland School for the Blind, we have Robin Churchill also attending. So I would recommend, Governor, that you hear from these two since they are special business --

GOVERNOR O'MALLEY: Great. Senator Astle? Do you want to come forward with your Annapolis and Anne Arundel County Conference and Visitors Bureau delegation?

SENATOR ASTLE: Thank you, Governor, Mr. Comptroller, Madam Treasurer. I appreciate the opportunity to come here first. This is a bond bill that I introduced this past session on behalf of the Annapolis and Anne Arundel County Conference and Visitors Bureau. It's the place where many visitors

that come to our capital city stop to get the information that they need to navigate. 175,000 people were through that building last year.

GOVERNOR O'MALLEY: Hm.

SENATOR ASTLE: So it's a showpiece for Annapolis. We did a renovation several years ago but we've run into some problems with the building involving the winterization issues, trying to make the building more energy efficient. So this bond bill is for the purposes of allowing them to take steps to make the building more energy efficient, greener if you will, I think that's the buzz word that we use in today's world.

I have with me the President of the Conference and Visitors Bureau, Connie Del Signore, and the Chief Financial Officer, Dani Monaghan, in case you had any questions that they might be able to answer for you.

GOVERNOR O'MALLEY: Any questions?

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COMPTROLLER FRANCHOT: No. It's great to have you here, Senator Astle.

SENATOR ASTLE: Thank you, Mr. Comptroller. It's a pleasure to be here.

GOVERNOR O'MALLEY: Okay, thank you. It's a great place.

SENATOR ASTLE: Thank you.

GOVERNOR O'MALLEY: I've been there myself.

TREASURER KOPP: Thank you.

MR. COLLINS: And Governor, Item 21-CGL, Maryland School for the Blind, if you would give them one minute?

GOVERNOR O'MALLEY: Sure. Any representatives here from Maryland School for the Blind?

SECRETARY MCDONALD: Ms. Robin Churchill? Ms. Churchill?

MS. CHURCHILL: Good morning. I'm the CFO at the Maryland School for the Blind. The School educates some of the State's challenging and complex

students in what are currently very outdated facilities. This money will go a long way towards helping us construct appropriate school buildings for these students. So I'd like to thank the Governor, the Legislature, and the Board for their support of the School through this grant. And I'd be happy to answer any questions you might have.

GOVERNOR O'MALLEY: And this is the school right up there in Northeast Baltimore?

MS. CHURCHILL: Yes, sir.

GOVERNOR O'MALLEY: On the City-County line?

MS. CHURCHILL: Yes, sir.

GOVERNOR O'MALLEY: Good place.

MS. CHURCHILL: Thank you.

GOVERNOR O'MALLEY: I've been to some pretty inspiring graduation ceremonies there. Okay.

MS. CHURCHILL: Thank you.

GOVERNOR O'MALLEY: Thank you.

TREASURER KOPP: What, what --

GOVERNOR O'MALLEY: I'm sorry, Madam  
Treasurer?

TREASURER KOPP: -- what is the status of  
the building?

MS. CHURCHILL: The building is currently  
being designed.

TREASURER KOPP: Okay. And --

MS. CHURCHILL: And we would hope that we  
would be breaking ground in the Spring.

TREASURER KOPP: Spring of 2012?

MS. CHURCHILL: Yes. Yes, ma'am.

TREASURER KOPP: Okay. Thank you.

MS. CHURCHILL: Mm-hmm.

GOVERNOR O'MALLEY: Anything else on the,  
Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 9 --

MR. COLLINS: Item 9?

COMPTROLLER FRANCHOT: -- LT.

MR. COLLINS: Item 9 is the lease item for parking associated with the Maryland Higher Education Commission --

COMPTROLLER FRANCHOT: Okay.

MR. COLLINS: -- sir.

COMPTROLLER FRANCHOT: Thank you, Mr. Secretary. I just had a question. Because last session we approved the \$2.4 million contract to coordinate MHEC's move from Annapolis to Baltimore. We were told that we were going to have a savings, I think, of \$411,000 per year. Obviously we have free parking now at the site but we're moving up to Baltimore. And the question I have is what about transit oriented policies? Generally these moves --

MR. COLLINS: Yes, sir.

COMPTROLLER FRANCHOT: -- for example the Department of Planning --

MR. COLLINS: Yes, sir.

COMPTROLLER FRANCHOT: -- a great percentage of the support is generated around this idea that

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we're going to have people travel through public transit rather than their individual automobiles. So we're spending \$52,000 here on parking. I assume that's because the MHEC folks down here are expected to drive their cars from Annapolis up to Baltimore now? Or are we planning some kind of transit opportunity to get those folks from here up to Baltimore?

MR. COLLINS: Mr. Gaines?

MR. GAINES: Yes, good morning, Governor, Treasurer, Mr. Comptroller, Michael Gaines, Department of General Services Office of Real Estate. In downtown obviously there are a number of transit options. However, in that these 40 staff members have been used to driving their cars for a number of years and need to have a transition period from their current location into Baltimore City, we agreed to give them parking for two years. At the end of that two-year period they would then revert to the State

standard right now, which is a one to three ratio of parking provided for staff.

COMPTROLLER FRANCHOT: And do you anticipate, or are there plans to develop alternative buses or how exactly would they get there through public transit?

MR. GAINES: Well currently they would use the existing system as it is, the subway, the Light Rail, the MARC potentially, depending on where they live. I don't have a census of their current living geography.

COMPTROLLER FRANCHOT: Okay. Well that's obviously something that hopefully you can stay on top of because it's an important policy issue. Let me while I have you here, Mr. Secretary, if I could ask someone about the MTA commuter bus routes that current link Kent Island and Annapolis with Washington, D.C.? I know later on we're going to be asked to move a large number of employees from this area to New Carrollton. And I'm wondering if you can work with

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our, your sister agency, to come up with alternatives for them, since that's a larger number, to actually use transit including these buses. For example, could they stop here, stop at whatever is convenient here in the region to pick folks up and drop them at New Carrollton?

MR. COLLINS: Sure. My pleasure.

MS. SWAIM-STALEY: We actually do have some commuter bus service that starts here in Annapolis. We're having trouble with the park and rides, which is why we're expanding them, but yes, that's a very good idea, to make sure that they know what their options are. We can do the same thing with these other employees as well, in terms of at least so they know what options are available.

COMPTROLLER FRANCHOT: Thank you. Thank you, Governor.

GOVERNOR O'MALLEY: Thank you, Mr. Comptroller. Any other questions, Department of General Services? The Comptroller moves approval,

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seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: And the ayes have it.

SECRETARY MCDONALD: Governor, this morning we are also delighted to host a delegation from the country of Hungary. The United States Embassy in Budapest is sponsoring a program for civil servants from the Hungarian Ministry of Public Administration. So I thought maybe we'd take a moment to acknowledge our guests from Hungary.

GOVERNOR O'MALLEY: Sure. Anybody want to come forward? Talk to us, tell us a little bit about the program? We also have Secretary Skinner here, who has a presentation and update per our request on the foreclosure battle. You don't have to come up if you don't want to.

(Laughter)

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SECRETARY MCDONALD: My understanding is that --

GOVERNOR O'MALLEY: They are very shy in Hungary.

SECRETARY MCDONALD: -- that they are seeking in Hungary to develop a fully functioning office of the inspector general. And they are coming to the United States to learn the system of checks and balances and best practices. So they are touring all over Washington, D.C., and visiting the Department of State, the Department of Justice, the federal Department of Personnel Management. But their trip to visit state and local government, they picked the State of Maryland because they wanted to see the Board of Public Works.

GOVERNOR O'MALLEY: Well we have lots of checks and balances.

(Laughter)

GOVERNOR O'MALLEY: Lately a lot more balances than checks.

MR. AGEE: This group is here --

SECRETARY MCDONALD: Could you please introduce yourself, please?

MR. AGEE: The group is here because they are looking at the financial checks and balances.

TREASURER KOPP: Bob, would you introduce yourself?

SECRETARY MCDONALD: Could you introduce yourself for the record?

MR. AGEE: Oh, I'm sorry. Bob Agee. And I'm here helping the delegation. I'm sorry.

SECRETARY MCDONALD: Thank you. Thank you.

MR. AGEE: But it's been the Embassy along with Meridian International sponsoring a training program on looking at the checks and balances. Today we're dealing primarily with state financial issues. And we've been to the county, and now we're looking at the state from different perspectives. And I was delighted that the Board of Public Works was meeting today. We've talked a little bit about it. We're

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going to have a session this afternoon on how it worked and how it's unique to the country for this group. But I'll let them speak for themselves.

SECRETARY MCDONALD: Do you just want to say your name, maybe, and what you do?

MS. SOOS: Hello, my name is Viktoria Soos. I come from the Ministry of Justice and the Department of Criminal Prosecutions. And all of my colleagues came from different parts of the public administration. And as my colleague said, we are here to study the role of Office of Inspector General and it's a big challenge and it's very, so we are very good here. And I think it's very useful for us. So again, thank you very much.

SECRETARY MCDONALD: And I believe they are visiting with the Comptroller's Office this afternoon. The Comptroller's financial fiscal people will be explaining --

TREASURER KOPP: Well and actually the Treasurer's also.

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SECRETARY MCDONALD: And the Treasurer, too.

I'm sorry --

TREASURER KOPP: We look forward to meeting with you.

GOVERNOR O'MALLEY: Well great. Anybody else want to --

MR. BOLCSIK: Thank you. My name is Zoltan Bolcsik. I am the General Director of the National Protective Service of Hungary. And it's very beneficial for us that we could be here. And thank you for the opportunity. Thank you.

GOVERNOR O'MALLEY: Thank you.

MR. ZARAND: Good morning, sir, lady, I'm Viktor Zarand. I work, I am a prosecutor, I work at the Center Investigating Prosecutor's Office, which is, which means I am prosecutor and investigator in one. We deal only with corruption cases of people who are like member of the parliaments, judges, and prosecutors. So I am honored to be here and learn

about the checks and balances in the American system.

Thank you very much.

TREASURER KOPP: So you are all working at the national level?

MR. ZARAND: Yes.

TREASURER KOPP: So have you met with your counterparts in Washington?

MR. ZARAND: Yes.

TREASURER KOPP: At the Justice Department or the --

MR. ZARAND: Yeah, Hungary is a little country, so --

(Laughter)

MR. ZARAND: Thank you.

TREASURER KOPP: A very important country.

MR. NAGY: I am next up. My name is Balazs Nagy. I am from the Justice Ministry, as Viktoria, the Ministry of Public Administration and Justice. I work in a unit which is responsible for the development of the public administration and the

strategy planning. And we are preparing in this week's action plan against corruption and I heard some interesting solutions in this study. Thank you.

GOVERNOR O'MALLEY: Thank you.

MS. PURGER: Good morning. I am Emese Purger and I am working on behalf of the State Department and the Meridian International Center. And my role is here not to interpret, because all of these guests speak quite beautiful English, but I have the honor to help them navigate among all these meetings and these institutions they have the opportunity to visit in Washington, D.C. and here, now, in Maryland. Thank you.

GOVERNOR O'MALLEY: Thank you. Well we hope you all enjoy your stay. You are very, very welcome here. We have a blue light special on governments in action. We have the House in session right now, and then we have the Board of Public Works here. We have a group of school children that will be telling us what they, where they would like to see their school

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construction dollars go. And this Board has served our State very well, especially in these times when the economy has been changing so wildly and so unpredictably. This Board allowed us to make adjustments much more quickly than many other states were able to make adjustments. And Lord knows we've made adjustments time and time again here. But it's a good mechanism. It's almost like a violin. You know, you have the big keys at the top that get the string pretty much there. And then you have the smaller little dials that fine tune it. We're like the small little dials at the bottom of the violin. And we fine tune. So you are all very welcome. Thank you for coming. Thank you very much.

COMPTROLLER FRANCHOT: I'd also like to just say your English is a lot better than our Hungarian.

GOVERNOR O'MALLEY: It's true. Which portion shall we go to now?

SECRETARY MCDONALD: We could --

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GOVERNOR O'MALLEY: Do we want to, County Executive Kamenetz I see out there. County Executive, are you here on the Secretary's Agenda items?

SECRETARY MCDONALD: He is.

GOVERNOR O'MALLEY: All right.

SECRETARY MCDONALD: He is here on Item --

GOVERNOR O'MALLEY: Good.

SECRETARY MCDONALD: Yeah.

GOVERNOR O'MALLEY: So let's call the, so let's call the Secretary's Agenda items.

SECRETARY MCDONALD: Good morning, Governor. We have 15 items on the Secretary's Agenda this morning. We are withdrawing Item 14. And there are public school items, the Baltimore County item is Item 13.

GOVERNOR O'MALLEY: Okay. Let's go to Item 13. County Executive, thank you very much for taking the time to be with us on a busy morning, I'm sure, for you. And we welcome you, and we thank you for not only your leadership but Baltimore County's leadership

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through these years even when you were on the County Council for greater investment in school construction. It's a winner on two scores, as you have so rightly said time and again. We create jobs and we create better classrooms for our kids so that they have better skills in order to fill ever better jobs. So thank you very much for being here. What would you like to tell us?

MR. KAMENETZ: Thank you. Good morning. Kevin Kamenetz, Baltimore County Executive. Mr. Governor, Comptroller Franchot, and Madam Treasurer, I am pleased for the opportunity to come before the Board of Public Works. I am also pleased to have with me School Superintendent Dr. Joe Hairston as well. And I also welcome members of the Middleborough Elementary School from Baltimore County who are also present here today.

Members of the Board, Baltimore County has one of the largest and oldest inventory of school buildings in the State. Most of our 172 schools were

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built in the 1960's and earlier, with an average age of 50 years old. Over the past 15 years Baltimore County has allocated over \$1.5 billion in school renovation and new construction, including a new elementary school that we built last year as well as three new high schools that are currently under construction.

GOVERNOR O'MALLEY: That's great.

MR. KAMENETZ: I know that some folks are anxiously advocating that we immediately air condition the 40 percent of our schools that don't yet have air conditioning. And I would let the Board know that this price tag is \$400 million, which by the way is \$150 million more than the annual statewide allocation of school capital funding in one year. So we're including a schedule of air conditioning, of moving forward with a schedule of air conditioning existing county schools. And just this last year we funded air conditioning for ten schools that are going to achieve that goal. And we hope to maintain a schedule

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consistent with our goal but also fiscally prudent in allowing us to maintain our triple AAA bond rating, our stable tax rate in Baltimore County, and without any furloughs or layoffs of employees.

I also note that while well meaning, short term suggestions of window units are not eligible for State funding, even if we were to overcome the electrical and upgrade costs associated with that.

Well members of the Board, Baltimore County receives an average of \$27 million a year in school construction dollars, to which we are very grateful. But I also would like to let you know that for every dollar we receive from the State we supplement it with four dollars from Baltimore County.

In submitting our request today for \$7 million in supplemental funding that's based upon this one-time alcohol tax allocation we have strictly complied with the legislative and IAC dictates. Our request has the full support of Baltimore County government, as well as Baltimore County Public

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Schools. Our request comes strictly from the A and B list and that list was compiled by our professional school staff and without regard to political favoritism. Our current A/B list exceeds \$80 million. So we expect to submit a list this fall of \$29 million to the IAC for consideration.

So I just want to let you know that this \$7 million, which are primarily roofs and windows, are going to help us tremendously in working down our existing A/B list priorities. And we are grateful for this opportunity and we appreciate your consideration. Thank you, sir.

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

COMPTROLLER FRANCHOT: Yes. Dr. Hairston, did you want to add anything?

DR. HAIRSTON: I just want to first of all say hello to the Governor, and the Comptroller, and certainly the Treasurer. But during my 12-year tenure we have been very effective and proactive in our quest

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to move forward with air conditioning. We have 27 schools have been air conditioned under my administration. And obviously it was all predicated on funding availability and we certainly appreciate the contributions from the County Executive's Office over the years.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you. I've had the opportunity to look at the \$7 million request that's been submitted by you, County Executive Kamenetz, and Superintendent. I have a number of questions. First of all, I'd like to just understand the process, if I could, that was used by the school system to develop this package and forward it to the Board of Public Works, where we're looking at it today. Did the Baltimore County Board of Education vote to adopt this package in a public forum? And if so, were these items actually discussed by the Board members in open session?

DR. HAIRSTON: All of our appropriations come before the Board of Education. We go through a process of a work session, and then we come back to a voting session. So there were two opportunities for our Board of Education to have access to this information.

COMPTROLLER FRANCHOT: Okay. I was just struck by the fact that all seven of the schools on the list before us happen to be located on the west side of the county. Is that simply a result of the population growth that's occurring on the west side? Or a disproportionate number of aging facilities over there? Or is it just a coincidence?

MR. KAMENETZ: No, there's actually some precision associated with that, Mr. Comptroller. When the General Assembly agreed to create an opportunity for one-time funding using the alcohol tax revenues the delegation agreed that those districts that supported the alcohol tax would then be the beneficiary of that \$7 million. So those districts

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are based upon the delegation's agreement as to who should get the priority for the funding based upon the hard vote that they then took for that alcohol tax.

TREASURER KOPP: These are all A and B projects?

MR. KAMENETZ: All A and B. It was just the A and Bs that were derived from those particular districts. But there was no delegate or senatorial participation in the particular projects. Those projects strictly came from the A/B list that was derived from the school system that had already been approved as a priority item for funding by the School Board as well as the Superintendent.

COMPTROLLER FRANCHOT: Well I appreciate the hard vote that may or may not have been hard for these legislators. But obviously there are kids in these different parts of the county that I think obviously they should be considered. But --

MR. KAMENETZ: Pardon me. Most respectfully, Mr. Comptroller, what I think you will

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find is that when we submit the \$29 million that that will take into consideration the allocation of the \$7 million to ensure that we have a fair distribution countywide.

COMPTROLLER FRANCHOT: Well, good. I'm glad to hear that. And frankly when you look at the projects viewed in isolation, a lot of them have merit. I don't obviously have any philosophical objection to replacing an 18-year-old roof at Randallstown Elementary School. And I can certainly recognize the value of investing in new energy efficient windows and doors in some of our older school buildings. But I don't believe we should just look at these projects in isolation. I think we have to at least try to frame the \$7 million request within the context of what I think everybody concedes is a serious problem that exists in the schools throughout Baltimore County.

According to the Maryland Public Schools Air Conditioning Survey, which is the data that I go by, I

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have to go by, I think it's accurate, 85 percent of Maryland's 1,400 schools are air conditioned.

Seventeen of Maryland's 24 school systems currently have air conditioning in 100 percent of their schools. I think that's a reasonable expectation every parent, teacher, student, taxpayer should have in the year 2011. Maybe 50 years ago or when we were in school it wasn't, it was thought to be a luxury. Now it isn't. Obviously I don't think air conditioning is a golden doorknob.

I've been at this for a long time. I can't remember ever being in a county or a State government building, I've visited hundreds if not thousands of them in the State, all of them are air conditioned. And Governor, if we, Treasurer if we were sitting here today in this room and it didn't have air conditioning, and the windows could only open two inches, the heat index would be soaring and we wouldn't accept it.

Now in Baltimore County 79 out of 173 schools, a mere 46 percent, are air conditioned. That means that students, teachers, support staff, and community volunteers who have the misfortune of working in one of the other 94 schools that are not air conditioned are uncomfortable. Conditions are unhealthy. They are unsafe. I'm talking tens of thousands of students.

Like the Governor and the Treasurer I've had a chance to visit many of the schools in Baltimore County that are not air conditioned as well as those in the City where only 50 percent of the schools have air conditioning. Even on days that are not particularly hot, where it's 80 degrees, 85 degrees, the conditions indoors will literally take your breath away. The lack of air circulation in these old brick buildings which are filled to capacity and sometimes beyond capacity and the inability to open the windows create an oven like atmosphere. And you can go to these schools even in the evening and as soon as you

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walk in it's oppressive. The children are sweating, understandably distracted. The teachers and staff are clearly uncomfortable, doing the best they can to make it through their lesson plans and keep their students engaged. I've been told that students and teachers have gotten sick and have even fainted as a result of these conditions.

Before I continue just let me say that I recognize that no one person or governing body is solely responsible for this. We're in this situation because for many years climate control simply wasn't a major priority in the Baltimore County School System. And that philosophy was reflected in funding and policy decisions that predate most of the folks who are in office today. So I'm not here to assess blame.

But I was encouraged when I learned that each county would be receiving a \$7 million supplemental appropriation, one time money that's not spoken for or prededicated in any way as a result of the alcohol tax. I thought that given the magnitude

of the air conditioning crisis in Baltimore County, given that the county has extraordinary discretion to invest this found money as it sees fit, we would see a plan that devotes most if not all of this money to relief for our children and teachers even if it's just temporary box units in a handful of schools.

Unfortunately, that hasn't occurred. We've got requests for a couple of things that are important, a couple of requests for things that are just useful. We have a proposal to spend \$200,000 on environmentally sustainable stage lighting at Pikesville Middle School. But not a single dollar, not one dime, of Baltimore County's request goes to provide a measure of relief for children and adults who are working in conditions that none of us in this room would find acceptable for ourselves.

So I happen to believe that it's no clearer reflection of the school system's values and its priorities than what it chooses to spend its money on.

On that note the message coming out of this meeting is

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fairly obvious. I have some other questions but I'm happy to give the County Executive and the Superintendent a chance to respond.

MR. KAMENETZ: Mr. Comptroller, thank you and I certainly share in your concerns and we're delighted that you're taking such an active interest in the schools in Baltimore County. And we're going to kind of hold you to that interest when we come asking for more money in the future. So we look forward to your support in that regard.

I would just first of all, let me just clarify when we talk about government buildings having air conditioning, and your points are absolutely accurate, those buildings are in use 12 months a year. Our school buildings are not in use three months of the year and those are the three hottest months when air conditioning is an issue. So when we talk about priorities our position is that roofs and windows are a year round priority funding need as opposed to ten days out of the school year when conditions are

agreeably are unbearable. Similar to when we have snow days during the year and we have to shut down school because of that there may be situations where the school system could start adjusting on heat days.

But our goal is to continue to air condition. Unfortunately your number is not accurate, sir, and I repeat again, 65 schools remain un-air conditioned out of our inventory of 172, not the 79 in which you had mentioned. The reality is of course the reason why a system like Howard County has 100 percent air conditioning is because they have new schools. Most of their schools were built after the seventies when air conditioning was a priority in school construction. The reason why Baltimore City, and I don't know the accuracy of the number you stated, 50 percent, and I know our number is 40 percent, the reason is because our schools are the oldest and we're stuck with that inventory. And what's happened is when you have older schools like that you have to pump

more money into the roofs, into the windows, and make those the priorities.

But it's really just a fiscal issue.

Obviously we are managing the budget in all ways that every other government in this country is. And we have to establish priorities. Air conditioning is a priority, but it has to be within the confines of the fiscal prudence that Baltimore County routinely exercises and that's maintaining a stable tax rate, maintaining our triple AAA, providing basic services, as well as avoiding furloughs and layoffs of our county employees who provide those services.

COMPTROLLER FRANCHOT: Excellent. But for the record, the county owned government buildings at 400 Washington Avenue and the administrative offices of the Baltimore County School Systems located at 6901 Charles Street in Towson, I take it they are all air conditioned?

MR. KAMENETZ: They are, sir.

COMPTROLLER FRANCHOT: In June I wrote a letter to Dr. Hairston encouraging him and his board to devote their entire \$7 million supplemental appropriation to temperature relief in the schools. In response I was told by the county, frankly it was you, Mr. County Executive, I quote, "the most recent estimate to air condition all remaining schools totals \$400 million." It's my understanding that this estimate reflects the aggregate costs of providing central air in each of these schools. I see Mr. Sines behind you and I wonder if he could tell us if the school system has considered installing box units in our classrooms in order to provide temporary relief if nothing else? And have you ever provided stakeholders, which include the Superintendent and the general public, with an estimate of what this would cost?

MR. KAMENETZ: Mr. Sines, identify yourself if you will, please?

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MR. SINES: Thank you, Mr. Comptroller. I'm Michael Sines, the Executive Director of Physical Facilities. Governor, Madam Treasurer. We have engaged in incorporating air conditioning in school facilities since 1995. This is not a new issue that's only arising for the school system. Clearly we have adjusted our program to meet the parameters of the fiscal constraints. Of the two most important aspects that the State has helped us with, quite honestly, in the past six years, under the O'Malley administration we've seen a constant steady stream of funding which has been critical to our planning. And the IAC adopted a category that has given us a major tool to be able to plan more appropriately and engage in a graduated scale of renovating our buildings, and that was the introduction and the implementation of the limited renovation category.

You, Comptroller, visited Milford Mill Academy which is an outstanding project both in upgrading the critical infrastructure as well as

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enhancing the delivery of the instructional program. That is a limited renovation. We'll be coming forward in future years to add to our list.

Your specific question relative to the air conditioning, we're looking at every platform. We began in '95 to add air conditioning to additions, facilities. In the study that was conducted, we refer to the Kopp Study, Treasurer Kopp, 40 percent of the funding of that, I think it was either \$2.85 billion or \$3.85 billion, was eaten up through adjusting for density problems. Baltimore County clearly has experienced everything that that study identified and approximately 40 percent of our funding has been eaten up to adjust to density in population shifts.

We have considered window units. We don't believe that they are a cost effective manner in which to address a critical problem. County Executive Kamenetz already indicated that by your own State standards we cannot submit a stand alone project for a

window unit and expect to receive State funding. We have a plan and we're moving it forward.

COMPTROLLER FRANCHOT: All right. Well, that's interesting. But was, do you have, did you prepare an estimate or is there --

MR. SINES: The \$400 million was in response to the interest, the new found interest in air conditioning. And it was based upon a calculation of the square footage that remains un-air conditioned in Baltimore County. And we used an engineering estimate for cost per square foot.

It by no means is a hard and fast number. We have, as the County Executive referenced, we're doing ten schools right now, averaging about \$1.1 million. We have schools that we know we can do for \$1.5 million. We have schools that will cost \$10 million just to add air conditioning. So the approach that we've taken is to incorporate it in systemic limited renovation, renovation, and school replacement. It's been extremely effective. As Dr.

Hairston indicated, under his tenure 27 schools that were not air conditioned will be by the end of next year. And that's the plan that we would like to continue on.

I'd like to draw an analogy very quickly. Transportation was talked to about, a little bit ago, in a vehicle, a car without wheels goes nowhere. A car without an engine isn't going to be propelled. A building without a roof that's sound and watertight, window systems that function properly, mechanical systems, boiler systems, will not serve students. Baltimore County Public Schools have been in a crisis in fiscal facilities for the past 15 years. We are no longer in a crisis. We're actually talking about air conditioning. And that is, I think, testimony to the fact that the County Executive and school system have done a marvelous job.

COMPTROLLER FRANCHOT: All right. Well I, if I could just return back to box units? Because the \$7 million, as I understand there are some impediments

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through the normal school construction process to get refunded by box units, although I'm sure Dr. Lever would try to make some accommodation. But the \$7 million is a unique amount which the county had. And I'm sure you may recall, Dr. Hairston, a decade ago, ten years ago, Anne Arundel County, a big county, the one we're in right now, they had exactly the same problem. They had aging school buildings that lacked air conditioning. They actually went ahead and did exactly what I'm suggesting you all should do. They went ahead and installed box units in 26 elementary schools, five middle schools, and two special needs schools that were lacking central air. The average cost for each school, Mr. Sines, each elementary school, it was 26 elementary schools they could do like that, \$123,000 per elementary school; \$253,000 per middle; \$95,000 per special needs facility. \$123,000 for an entire elementary school, inclusive of the engineering, design costs, the exterior electrical power upgrades, the upgrades to the interior wiring

and panels, the units, and the support brackets, and even asbestos containment.

So let's assume that's ten years ago, let's add on 20 percent for cost inflation. That still comes to less than \$150,000 per elementary school, which is less than you want to ask us to authorize for stage lighting, environmentally sustainable of course. From what I'm told by Anne Arundel, these units have performed well. No issues with functionality or durability. They generate a little noise, as you know. Frankly a little noise is a heck of a lot less distracting than triple digit temperatures.

So with all due respect to the \$440 million or \$400 million, Anne Arundel has done this. I suspect they would be more than willing to walk you through the steps to get the units in. So I mean this is not rocket science. This has been done. And I urge you to, I'm not sure what, you know, it's just, it's very frustrating for me to hear the reasons why we can't go forward and have a county like Anne

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Arundel, literally you could walk out to the office and go and visit them. They are right, you know, a phone call away.

MR. KAMENETZ: Well, Dr. Hairston, if I could just interject for one second --

DR. HAIRSTON: Sure.

MR. KAMENETZ: -- before you respond? Mr. Comptroller, quite frankly box air conditioning units are not eligible for the \$7 million that we are seeking support for today. And frankly, the \$7 million as you suggested, most respectfully, is not a unique opportunity to favor pet projects. From our perspective this \$7 million allows us the opportunity to work down our list of \$80 million of A and B list items that are absolutely essential priorities for the operation of these school buildings year round. So I appreciate what you're saying about the window units. But more respectfully, I have to defer to the expertise of our school construction folks who have been in this business for a long time. And our goal

in Baltimore County has been to make investments for the long term and not to try and respond to short term issues that aren't going to solve the problem in the big picture and therefore aren't going to be as cost effective.

COMPTROLLER FRANCHOT: Okay. I can see your point. And let me just ask whether you've asked the private sector, based on the budgetary problems you cited, to help out. I went and visited Middleborough Elementary School. Absolutely --

GOVERNOR O'MALLEY: And they've come to visit us.

DR. HAIRSTON: They are here.

GOVERNOR O'MALLEY: What a coincidence!

(Laughter)

COMPTROLLER FRANCHOT: But it's a -- yeah, funny how that works out.

COMPTROLLER FRANCHOT: But what a fabulous school.

DR. HAIRSTON: Great community.

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COMPTROLLER FRANCHOT: Great set of parents.

DR. HAIRSTON: Wonderful community.

COMPTROLLER FRANCHOT: And great faculty, and kids. And, you know, that's the school that I went to in the evening and the room had maybe 40 adults and ten kids in it. You know, it was oppressive because of the lack of circulation. So I'm delighted if they are here with us today. And, but it was at that meeting where a parent stood up and said, "Hey, I'm willing to pay for the unit myself." You know, I want my kid to have a safe, comfortable classroom.

So there we are. We're in the most unstable and hardest economic climate in years. We have folks who are not particularly affluent, or obviously everybody is trying to keep a roof over their heads and food on the table, willing to dig into their pockets, thank you for the generosity, pay for something that everybody else in the State frankly gets for granted. And frankly their kid is only going

to be able to take advantage of it for a limited time because they are moving through the school.

But thank you for that. And I can't believe that in close knit communities like Essex there aren't private sector electricians and others who would donate their time for electrical wiring and skilled work to kids, that might be willing to donate their time. And then the great tradition of Baltimore County philanthropies which are out there, nonprofit foundations. So rather than just saying we can't afford it, are we reaching out to the private sector and saying, "Can we partner with you?" Dr. Hairston?

DR. HAIRSTON: We have a foundation, an educational foundation, that is under development. But let me share this with you. We do have a plan, a workable plan. I submitted it to Senator Klausmeier four years ago. And it was very practical, quite frankly. Those schools that have the infrastructure that does not require us going in to gut it and rewire it would be first on line with regards to receiving

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accommodations for air conditioning. All the new schools that would be built would be built with air conditioning. Which is one of the reasons why 27 schools have been air conditioned under my administration for the past 12 years. I think we're on a pretty good pace given the fact that across this nation our infrastructure in schools are challenging. In this State we've done a great job with the resources that we have. And I take great pride in the fact that in Baltimore County we have managed exceptionally well. The focus is on quality work. And whatever we do with regards to our facilities have to be sustainable over the long term.

COMPTROLLER FRANCHOT: Right --

GOVERNOR O'MALLEY: May I, I'm sorry, may I ask?

COMPTROLLER FRANCHOT: Yeah, sure.

GOVERNOR O'MALLEY: When you do those air conditionings do you try to do, say, a bank of

classrooms for testing time? Or do you do the whole school? Or does it vary --

DR. HAIRSTON: The whole school. We're not doing sections of schools anymore.

GOVERNOR O'MALLEY: Mm-hmm.

DR. HAIRSTON: When we have the available funds we have to do the quality work because they have to be sustainable over the years. It serves no useful purpose when you have part of a building hot and the other part cold, and you don't have the even distribution of air flow.

GOVERNOR O'MALLEY: Yeah. With the window units in the City we used to, it was always so excruciating to have to choose between priorities. And do you let, do you let these buildings collapse in order to do more air conditioning in more places? We started, a lot of them, these efforts were funded by business people. We would air condition sort of a bank of classrooms with the window units so that in those, that month of extreme hot at the very end of

the year, which also coincided with the standardized testing, that we would have, you know, that we'd have at least someplace where we could rotate the classrooms to be more comfortable, the kids could be more comfortable when at least they were testing.

Do we still do the testing in the hottest month of the year?

DR. HAIRSTON: No. We try to get our testing done by May. And of course we do have a policy in place, a procedure in place, on extremely warm days that are dangerous. And we use the heat index monitor. And if you recall, over the years I would generally close schools because of heat.

GOVERNOR O'MALLEY: Mm-hmm.

DR. HAIRSTON: And I've done that on several occasions last year.

MR. KAMENETZ: Governor, if I could just interject? Let me tell you that despite the fact that we have not achieved our goal of 100 air conditioning this year, and notwithstanding the somewhat difficult

conditions that may exist in our schools, I just want to let the Board really appreciate Dr. Hairston's tremendous record of success during his tenure as Superintendent. Notwithstanding having some of the oldest schools in the State of Maryland, Baltimore County has the highest graduation rate for African American males in the country for school systems our size. We have record numbers of students taking advanced placement tests. And 50 percent of our high schools were named the top 7 percent in the nation by national periodicals and surveys.

GOVERNOR O'MALLEY: That's great.

MR. KAMENETZ: So, and this with an increasing population of 105,000 students, the 23rd largest school district in the country, and an increasingly diverse population both economically and racially. So whatever they are doing in this school system, I know we need to do more, we'd like to do more within our budget, we're still achieving the results that matter most and that's that our children

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are doing better and better every year. And I just want to give just a thanks to Dr. Hairston because this may be his last opportunity to come before the Board of Public Works --

GOVERNOR O'MALLEY: Good point.

MR. KAMENETZ: -- having recently announced his retirement. But just leaving on a great record.

DR. HAIRSTON: Thank you.

GOVERNOR O'MALLEY: Dr. Hairston, thank you.

DR. HAIRSTON: Thank you, sir.

GOVERNOR O'MALLEY: The County Executive speaks for all of us in our appreciation for your service. I can't wait to come back and tour Carver once it's --

MR. KAMENETZ: We have a date, I think, we're working on that.

GOVERNOR O'MALLEY: Do you?

DR. HAIRSTON: It's a gem.

GOVERNOR O'MALLEY: I'm looking forward to that. You know we are also one of the, and then the

Comptroller has other questions, we are one of I think only 17 seventeen states, for our parents who are here from Middleborough, we are one, of the 50 states in the country there are only 17 of us, I think, that make any investment of your State dollars into school construction. And in point of fact that additional penny on the sales tax, which none of us particularly was glad about having to pay, part of the reason for that was that so that we could have record investments in school construction every year. It creates jobs, creates a better environment for our kids. And, but Comptroller, I'm sorry. We digress.

COMPTROLLER FRANCHOT: No, that's fine.

GOVERNOR O'MALLEY: Back to you.

MR. KAMENETZ: And Governor, just to close again, we are grateful to be here for that \$7 million today. And that would not be without your leadership and the concurrence of the General Assembly. So thank you for that. And rest assured if you approve this these funds will be well spent. Thank you.

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COMPTROLLER FRANCHOT: Terrific. And I'm, once again I'm not, I have some further questions. I'm not here to blame anybody, I just want to get some action on this. And this \$7 million, I'm informed by our staff at BPW, is totally open to air conditioning use. It's our decision, the Board, the three of us. If you came to us and said, "We want to spend \$7 million to take care of 20, 30, or more schools," that's our decision. It's not, with all due respect, Dr. Lever, somewhere back here, God bless him.

MR. KAMENETZ: We just followed the dictates of the legislation, sir.

COMPTROLLER FRANCHOT: Right. But let me ask, since you mentioned you have to close the schools for, you have some process for determining?

DR. HAIRSTON: Yes, we do.

COMPTROLLER FRANCHOT: I ask this just because when I went to Middleborough a very nice woman got up and dressed me down like I was responsible for every last problem up there I think just because I was

from the government and I was there. But I, her basic question was what are the criteria that you use when you close a school for heat related issues? And specifically they wanted to know is it the temperature outdoors? The indoor heat index? The air quality index? Or some combination of all three? And can you supply that?

DR. HAIRSTON: Sure. When the heat index reach 105 we automatically make the decision to close the schools. We did that three times last spring.

TREASURER KOPP: The heat index?

DR. HAIRSTON: Yes.

TREASURER KOPP: And typically that means the temperature in fact is --

DR. HAIRSTON: Feels like 105.

TREASURER KOPP: What, 99? Or, I mean --

DR. HAIRSTON: And it may be humid, at 94 degrees. But with no air flow, no circulation, it might feel like it's 100 degrees.

MR. KAMENETZ: You know, the temperature in this room is probably 70 but I think the heat index is approaching 100 right now.

DR. HAIRSTON: Yes --

(Laughter)

DR. HAIRSTON: We've been extremely sensitive to those issues. And I think we have an incredibly successful and effective emergency plan in place. In fact it's recognized by NSA.

COMPTROLLER FRANCHOT: Okay. I just have a couple of final questions. One of them was you mentioned the school at Middleborough was built in 1960. And I can understand why the school was not equipped with air conditioning back then. But it underwent a systemic renovation in 2000 that included, but wasn't limited to, upgrades of the electrical system. And I think at that time central air was pretty commonplace in public school systems. Mr. County Executive Kamenetz, I know you weren't County Exec back then. But perhaps someone could help me

understand, maybe Dr. Lever, are you still there and still awake? Come up and let me know whether back in 2000, why wasn't central air conditioning installed in a school when a systemic renovation was done?

DR. LEVER: This was for Middleborough?

COMPTROLLER FRANCHOT: Middleborough Elementary. The year 2000.

DR. LEVER: The IAC defers to the jurisdiction in determining the scope of work that is proposed. And at that time, that also predated my tenure in this position. But in general the IAC will look into the scope that's proposed but we're not in a position to second guess whether that's the appropriate scope or not. We raise issues, and questions, but we cannot deny a project because we might disagree over that as, say, professional architects we might have a different recommendation.

COMPTROLLER FRANCHOT: So have there been schools built in Baltimore County in the last 20 years that don't have air conditioning?

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DR. LEVER: As far as I know the schools, not new schools, there have been schools that have been, received State funds for multiple systemic renovations in the period up to 2003. From the period of 2003 to 2006 they were doing a combination of systemic renovations with renovations to the extent of about \$1.5 million. And generally that concerns science classrooms in middle schools.

COMPTROLLER FRANCHOT: Mm-hmm.

DR. LEVER: And for the period from 2006 forward they've been using the limited renovation tool or the full renovation tool. And those projects, as I understand them, are air conditioned.

COMPTROLLER FRANCHOT: Okay. And --

DR. HAIRSTON: Mr. Comptroller, may I also -

-

COMPTROLLER FRANCHOT: Sure, yeah, Dr. Hairston.

DR. HAIRSTON: -- in 2000, that means those projects were approved a year prior to the

construction. And that was based on the Perch Reuter money. In 2000 we were spending 1996 dollars, based on the scope and scale of the economy in the year 2000. We managed extremely well. We've gone through three changes in our strategies which bring us to where we are at this point now. And we've been very aggressive and doing some great work with the monies that we have available.

COMPTROLLER FRANCHOT: Okay. And at Middleborough, not to bring Middleborough up again, but the amazing thing for me was that the windows didn't open. Or actually, let's be honest, they opened about that much. And why would we put windows in the school that lacks air conditioning, and the windows don't open?

MR. SINES: Mr. Comptroller --

COMPTROLLER FRANCHOT: -- in 1996 or 1997, I'm not sure, but that's not that far --

MR. SINES: I think the, we could talk about this issue for another seven hours. The answer to your specific question about window replacement?

COMPTROLLER FRANCHOT: Mm-hmm.

MR. SINES: We had windows that were boarded up in 1997. They didn't have window glass in them. They were boards. We were under a platform of a multisystemic program that didn't exist on the State, it was only through the State's courtesy that we were allowed to deal with that crisis that I alluded to earlier. The buildings were in deplorable shape based upon a curriculum study that was conducted in 2003 or 2004, Phi Delta Kappa. As I said earlier, we are no longer in a crisis. I think all three of us have indicated we have a plan. We're implementing the plan. We're going to achieve positive results.

In your specific questions about windows, the old 1950's and 1940 windows that opened at a 90 degree angle were hazardous to students and staff as they migrated around the classroom. So our

engineering staff, working with our consultants, specified a limited opening for those windows to allow air circulation to take place and to protect students both indoors and outdoors.

And the other component that's critical is in the 1950's there was radiant heat. In 2000 we had mechanical systems moving here. This is a very deep topic and as you well know we've requested your audience to explain the architectural, the electrical, the mechanical implications that are involved in this. In the Middleborough School we've done an assessment. We know what it will take to incorporate a window box unit system. We know what it will take to use a DX package. And we know what it will take financially to incorporate air. So the projects that are before you today are no different than our capital program on our local level and State level. We fully vet it and we establish the priorities in the public domain.

GOVERNOR O'MALLEY: And those projects by the way, for those of you following on the internet at

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home, are Woodlawn High School, partial window replacement, \$3.3 million; Glyndon Elementary School, window, blind, and exterior door replacement; Randallstown Elementary School, whole roof replacement; Chatsworth Elementary School, window, blind, and exterior door replacement; same with Cedarmere Elementary School. Pikesville Middle School, locker room renovation; Pikesville Middle School, the stage lighting that the Comptroller is an admirer of; and the Franklin High School locker replacement. Those last two items both being in the neighborhood of \$200,000.

COMPTROLLER FRANCHOT: I just have one final questions, if I could. I'm sure it's a Baltimore County myth that the school system does not allow portable fans to be put in classrooms? How, I find that pretty incomprehensible but I'm sure it's just a rumor. Do you allow fans in the classrooms?

MR. SINES: We work with individual school administrators and we deal with the circumstances that

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are presented to the school, school by school by school.

GOVERNOR O'MALLEY: That sounds like we'd prefer not to.

(Laughter)

DR. HAIRSTON: It's a safety issue.

MR. SINES: Obviously when you have extension cords and when you have an electrical system that doesn't support it, the fire marshal turns a pretty nasty --

GOVERNOR O'MALLEY: Got you.

MR. SINES: -- view of us when we do those types of things.

GOVERNOR O'MALLEY: See when they did that at Our Lady of Lourdes in Bethesda that fell under Handbook 5-103.6 in the Sisters of St. Francis, which was easier to ask forgiveness than beg permission.

(Laughter)

COMPTROLLER FRANCHOT: Thank you. I'm through with questions. I do have a suggestion for the Board.

TREASURER KOPP: I have a question.

COMPTROLLER FRANCHOT: Oh, great.

TREASURER KOPP: Could I ask a question?

COMPTROLLER FRANCHOT: Please.

TREASURER KOPP: Talking about progress from the last time we took a statewide snapshot, which was some time ago. And I know you've made tremendous progress --

DR. HAIRSTON: We have.

TREASURER KOPP: -- Dr. Hairston and the entire county. One of the areas that was of great concern was access, ADA compliance. Could I just ask you where we are with that, Doctor?

DR. HAIRSTON: Absolutely. In fact, upon my arrival 12 years ago that was a major concern even for me. And we were very, very aggressive from 2000 on in making sure that we have access. We have a very

powerful stakeholder group, the Commission on Disabilities, and they worked very closely with us. So we had monitoring going on from the community itself and those people who were most affected by access to our buildings. So we feel extremely proud of the fact that we've come along way from that perspective.

MR. KAMENETZ: We had a lot of catch up to do, as well.

DR. HAIRSTON: A lot of catch up.

TREASURER KOPP: It was actually quite shocking, I thought.

DR. HAIRSTON: Yes.

MR. KAMENETZ: And again, it gets back to the age of our buildings.

TREASURER KOPP: Yes.

DR. HAIRSTON: Yes.

TREASURER KOPP: Yeah. Yeah. But that's great to hear, because in addition to comfort simple access --

DR. HAIRSTON: Yes.

TREASURER KOPP: -- is always good. Thank you.

DR. HAIRSTON: Thank you.

TREASURER KOPP: It's great to hear that, thanks.

MR. KAMENETZ: Thank you. And Mr. Comptroller, any time you'd like to come back to Baltimore County I'd like to give you a tour not only of our wonderful school system but all the other innovative and cost effective measures we're implementing in Baltimore County government.

COMPTROLLER FRANCHOT: I think the heat index just dropped. Your own air conditioning program, thank you.

(Laughter)

DR. HAIRSTON: Thank you.

COMPTROLLER FRANCHOT: Thank you.

MR. KAMENETZ: Thank you for your attention, Mr. Comptroller.

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COMPTROLLER FRANCHOT: Governor, if I could just suggest something to the Board? Because the basic situation we have today is not air conditioning, no fans, no windows. And I have a lot of respect for Dr. Hairston, Mr. Sines, the County Executive is right. Baltimore County is one of the best systems in the State. Obviously every system has got the same kind of resources, scarce resources that they have.

But I've listened to the testimony today and with all due respect I just disagree with the posture of the county leadership. I'm not going to say they are ignoring the issue, they aren't. But I get the clear impression that it's never been a top priority in Baltimore County. And frankly I'm not sure it is today. It's simply my sense that it's kind of part of a long, laundry list of unfunded needs in a system that's short on cash. And the county seems to think that the permanent solutions are the only way to go, and very costly, and that it's an inherited problem.

And that it's, we just have to explain why it can't be done.

I'm sympathetic with the fiscal constraints. But this \$7 million that is before us today had virtually no strings attached to it. I'm not saying you could put central air in. Obviously you can't. But if you looked at Anne Arundel County and took \$150,000, with that \$7 million you could do, whoever is good on math, a lot of elementary schools could get immediate air conditioning relief.

So I hoped that I would get something that would move partially in that direction and help relieve conditions that are, as I said, unsafe and unhealthy. Instead we have a list, as the Governor mentioned, for new lockers, new foot lockers, new stage lights. No kid that I know has ever gotten sick as a result of a jammed locker. Kids haven't lost days in school because of outdated doors and blinds. And I'm reasonably certain that the teachers never fainted because of inadequate stage lighting.

The fact is this list doesn't include one dime for new air conditioning. Not one box unit for one elementary school. It's fatally flawed in my estimation. I would suggest, Governor and Madam Treasurer, that we give Baltimore County half of its request, \$3.5 million, to be invested as they see fit. And to withhold the other \$3.5 million until the county comes back to us, sooner rather than later, with a plan to invest that money in air conditioning that will be up and running by the spring of 2012, beginning with Middleborough Elementary School and marching right through the elementary schools.

And I'd like to make that motion. I think it will send a message to children and teachers and other employees that they have a right to work in a safe and healthy environment. But --

GOVERNOR O'MALLEY: Can we hear from --

COMPTROLLER FRANCHOT: I know we're going to hear from the parents. But I thought I'd let them know what I'm proposing because the, I think that

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gives the county flexibility but it also gives us an opportunity to make some progress.

GOVERNOR O'MALLEY: Okay. While that motion is pending, could we hear from the Middleborough parents? And kids, if the kids are testifying? I'm not sure who is going to be more enlightened today, the Middleborough kids or the Hungarian delegation.

MS. FIALKOWSKI: Do you want the kids to go first?

GOVERNOR O'MALLEY: Whatever you like, sure.

COMPTROLLER FRANCHOT: Yeah. Better get a stepladder.

SECRETARY MCDONALD: -- right here. If you want to take this one and you can stand right here --

MS. FIALKOWSKI: Why don't you tell them your name?

SECRETARY MCDONALD: Just tell them your name and read from your letter right there.

MS. FIALKOWSKI: What's your name?

MR. GREGORY MAJEROWICZ: Gregory Majerowicz. Middleborough Elementary School needs air conditioning so we can learn. We don't want to sweat and leave school early. We don't feel like working when it's so hot and sticky. We need our air conditioning so we don't feel tired.

SECRETARY MCDONALD: Thank you.

GOVERNOR O'MALLEY: Well done.

SECRETARY MCDONALD: Tell us your name first, please?

MS. ELIZABETH SOUTHWORTH: Middleborough Elementary School needs air conditioning so we can learn. We might have an asthma attack when it gets so hot and humid. We want to go to school and feel comfortable.

MR. WILLIAM MAJEROWICZ: My name is William Majerowicz. Middleborough Elementary School needs air conditioning because when it is too hot we don't want to learn. I can't work because I want to keep getting

a drink. Kids with air conditioning feel better at school when it's hot.

MR. ASA SEAY: Middleborough -- whoa, that's loud.

(Laughter)

MR. ASA SEAY: Middleborough Elementary School needs air conditioning so we can learn. We sweat really bad. It's really humid in the classroom so we feel sleepy sometimes. We cannot concentrate. People in air conditioned schools can learn more.

MS. ALI RADOMSKY: I'm Ali Radomsky. Have you ever spent 35 hours a week trying to work your hardest in temperatures up to 100 degrees? After spending 8,400 hours in a school without air conditioning over the past six years I'm still not over the fact that Middleborough Elementary School and 54 percent of Baltimore County Public Schools don't have air conditioning. I'm a fifth grader with a brother who is in tenth grade. I do not think it's fair that my brother Nick has air conditioning in his

school and I don't. This is not just a comfort issue. I often hear about kids who go to my school getting sick from being in hot and humid classrooms. All students deserve to have air conditioning in their schools.

My first concern is that many kids in elementary school like me have brothers and sisters in high school. They are hit by the fact that many of their older siblings have air conditioning and they don't. I have a 14-year old brother in tenth grade. His school is one of the schools that have AC. Of course I have to put up with being in a 100-degree classroom while my brother is enjoying his day at his school in a 74-degree classroom. He comes home full of energy while I come home with a headache, needing a nap. Kids like me can't understand that the fact that over half of the schools in Baltimore County Public Schools don't have AC.

Another reason that I'm totally for air conditioning in schools is because of personal

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experiences, too. Not too long ago I got sent to the nurse because of shakiness, dizziness, and sweating. Since the nurse's office has AC I immediately felt better as soon as I walked into the room. Often in my classroom my classmates can't concentrate on their work because the room sometimes reaches 100 degrees. Kids can also get high fevers from being in hot and humid air. Last week my friend could barely breathe because she had an asthma attack triggered by the stifling heat.

With all of this in mind I strongly urge you to make sure that all schools in Maryland have air conditioning so that students can learn in a comfortable, bearable environment.

MR. SOUTHWORTH: Good morning everybody. My name is --

GOVERNOR O'MALLEY: Very well done. I just want to say to all of the students, thank you very, very much.

(Applause)

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GOVERNOR O'MALLEY: Yes, sir. Would you identify yourself?

MR. SOUTHWORTH: Yes, my name is Alan Southworth. My daughter Elizabeth here is a second-grader at Middleborough Elementary.

I've resided in the Back River Neck Peninsula, where Middleborough Elementary is located, for over 40 years. I'm here this morning because I'd like for each of you, and everybody in the room, to imagine that you are a parent like we are, who send our kids daily to a school that's not air conditioned. Imagine getting an email at 7:30 in the morning from your daughter's first grade teacher just to tell you that an hour before your daughter is about to start school that the current temperature in her classroom is 94 degrees, 94 degrees at 7:30 in the morning. Imagine that. Imagine that you are a parent and you are going to send your child in that environment for the day.

Think about having to take off of work for the third consecutive day early and trying to explain to your boss, "Well, you know, my daughter's school is not air conditioned so I had to take off early once again." And then you come to your daughter's bus stop and she steps off the bus, her face is blood red, her hair and her clothes are soaked through with sweat. You rush her inside to have her cool off and get some relief, to have her change her clothes, you take her shoes and socks off and her toes are all shriveled.

And then you see the, and then you look at the weather report for the next coming days. And you see that there's no relief coming and that she is going to continue, or your child, or your son or daughter, is going to continue to have to face this.

Frustrated, myself along with Cathy, Mike, and a lot of other parents from Middleborough, we wrote County Executive Kamenetz' office, asking for what type of relief are we going to get? I got a call the next morning from his Chief of Staff Don Moeller

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who said, "Well we looked into this issue and we determined that it was only 17 days that these children are subjected to this type of heat." Not the ten that Mr. Kamenetz said this morning, 17 days. And I was told this directly on a morning where it was 94 degrees in my daughter's classroom at 7:30 in the morning.

Only about half of the schools in Baltimore County are currently air conditioned. Half. This represents a moral imbalance in the fairness and in the safety of the environment that we send our kids to school each and every day.

There is an old Ethiopian proverb. It states when spider webs unite they can tie up a lion. These are our kids. Many of your kids may also be in this situation. We're not going to go away. You know, this meeting here today? It's great. But we're not going to go away. We're not going to stop from today.



That's all I have to say, and thank you for hearing me this morning.

GOVERNOR O'MALLEY: Thank you. Other parents?

MS. FIALKOWSKI: Good morning. My name is Cathy Fialkowski and I had a speech prepared but I'm not going to reiterate. I mean, the reason I'm here is I volunteer in my sons' classroom, the twins are mine. And I leave my air conditioned house and I walked into that school last, I believe it was in May, it was early May, and it was deplorable. I asked their teacher, "How do you work in this temperature?" It was, the kids were all no energy, everybody was getting drinks.

So I began writing my local legislation. Most of them didn't respond. I wrote to Dr. Hairston, he didn't respond. When they did respond I just got that there is no money. And then I wrote to Michael Sines recently who told me that the schools are operational without the benefit of air conditioning.

But yes, they are operational, but in my opinion the temperatures are unsafe. And you know, I do have reports of the children vomiting, getting headaches, asthma attacks, going to the nurse.

So when my local, I feel like my local government has failed me, the BCPS has failed me, and that's why I'm here today. And my request is to have you all just reconsider Item 13. In my opinion stage lighting and lockers aren't as important as my kids being comfortable in their classroom. So thank you.

GOVERNOR O'MALLEY: Thank you.

MR. DARENBERG: Good morning. This is my son Owen. And I'm Michael Darenberg. I'm better known as Owen's dad. Owen goes to Middleborough Elementary School and I'm here because I'm concerned that he and other students are not getting a fair and equal education. I've been in business over 25 years, I've been a small business owner in the State of Maryland for the last 15. According to a 2008-2009 Baltimore County School report 58,623 kids and their

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students are forced go without the proper environment to learn and teach in.

Baltimore County Schools performance goal number four states all students will be educated in school environments that are safe and conducive to learning. With over half of our students in classrooms whose temperatures reach over 90 degrees during the day I don't feel that they are in a safe or conducive learning environment. Just a week ago the temperature in Owen's class was 85 degrees.

Dr. Hairston has said our most important principle is all means all. It appears that that really means all means half. Half of Baltimore County School students are being educated in environments that are safe and conducive to learning and half are not.

Middleborough Elementary School is a great school with great teachers and students. Our teachers stand before our children throughout the day and try to give our kids the best education possible. In the

months of August, September, October, April, May, and June they are dressed as professionals with sweat running down their backs. And their four or five classroom windows are opened without screens and sometimes the lawn crew is speeding by cutting grass.

The Able Report states as early as 1931 a report by the New York Commission on ventilation indicated that the thermal environment in a classroom has significant impact on student achievements. Over the next 80 years follow up studies have confirmed these findings and further suggest the appropriate heating and cooling are the most important environmental factor to impact academic achievement. Student productivity, efficiency, and test scores have been found to be significantly lower in classroom environments outside the human comfort zone. Several studies have shown that students in non-air conditioned buildings perform lower on test scores than students in air conditioned buildings.

Ten years ago Middleborough went through phase one of a major maintenance renovation, where over \$2.4 million were spent and AC ready Trane classroom ventilators were installed. These units are able to be used with a central cooler unit or individual condensers. Our school is AC ready.

In 2004 we had \$113,000 worth of doors and windows installed. In 2006 we had \$80 spent on resurfacing a multiuse basketball court that doesn't have a basketball hoop. In 2008 we had \$1.4 million spent on windows. Although we are told there isn't any money left in Baltimore County's \$1.5 billion budget we see things like in 2007 when they spent \$1.4 million on garages for school buses, and an additional \$3.2 million spent on repaving school bus lots. In 2009 Baltimore County School requested over \$13 million for repaving certain schools. We are told by Don Moeller that air conditioners aren't needed because there's only 17 days of heat. Yet in 2009 \$1.2 million was spent at the Fifth District

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Elementary School for a chiller replacement. In 2011 Riverview Elementary School received \$370,000 for a chiller replacement. Seneca Elementary School received \$195,000 for a chiller replacement. Old Court Middle School received \$410,000 for a chiller. In 2012 the Eastern School of Technology will receive \$564,000 for a chiller replacement.

I urge you to vote no on Item 13. Force Baltimore County and Baltimore County Public Schools to provide all students with environments that are safe and conducive to learning. Make all means all mean something.

I ask you because I know you care. You care about your children, or our children like you care about your own children or grandchildren. You have the power and willingness to make this right. The Comptroller has said it's not just fair. The Treasurer said in 2004 there was a crisis in her review of school conditions. Seven years later, there is still a crisis.

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Governor O'Malley has allocated \$460 million more than the previous governor. I know you care. You can make Baltimore County Public School live up to their words when they say all means all. Thank you.

GOVERNOR O'MALLEY: Hey, thank you.

Anything else? There is pending as part of the President's jobs bill much bigger investments in school construction. And were that to go through I'm sure that the County Executive and Dr. Hairston of Baltimore County would be very, very delighted to help President Obama put those federal dollars to work upgrading schools even more quickly than they have. The best forum for working out these decisions in terms of the fairness of allocations and the priorities is really your school board. We are all public servants and we wouldn't tell you that after spending the whole morning here that we wouldn't hear from your or your very, very impressive kids who were testifying. But the best place to exercise these decisions is at the local school board.

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And we hear you, and what you said, that you didn't feel that you were getting a proper hearing there. And hopefully the hearing today is somewhat helpful to greater understanding.

I would disagree, Mr. Comptroller, with your characterization of the story of Baltimore County as being uncaring about air conditioning or uncaring about the performance or the well being of the students. I mean, I respect your perspective on that. My perspective is one of a county that is increasingly supporting its children and higher and higher student achievement. It's a county that is narrowing achievement gaps and a county that wants our children in every way to be able to succeed.

There is a debate raging right now in our country, and this I say with respect to all present, about cuts and how much more we should cut. And that's going to be a real challenge for us in next year's General Assembly. There will be those, members of Congress and also members of the General Assembly,

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who believe that the solution to this problem is more cuts. How much less money do we want for school construction? How many fewer children do we want air conditioned this year? How many buildings do we, how many fewer buildings do we want to renovate? How many fewer children can we afford to bring greater comfort to?

I don't think that's the solution to our challenges here. I think together we have to figure out ways to do more, and to do better by our children. And I think that's a sentiment that most people in our State share. All of us would like to see better and faster progress and I greatly appreciate, as I did when I was Mayor of the City of Baltimore, I'd love for you to see some of the buildings we had in the City of Baltimore that our children are improving their achievement in. It's always remarkable to me, the diversity of our State. And I know the Treasurer experienced this herself when in some areas of our State, where in, you know, newer areas of our State,

new housing developments and the like, where parents were very concerned about the 20-year age of their school buildings. And then every day I visited schools in the City of Baltimore that were 70 years old. And for people to say, "Well, that's why I moved out of the City," is not quite an answer for the children who are going to school in those places.

So I think this ethic that we're all in this together is an important one that we keep at the forefront because the most important things we do in our lifetimes are the things we do for those young people. So yesterday we had some discussions about the importance of the investments we make together, whether it's that additional penny on the sales tax or the bonds that our AAA bond rating supports. The investments we make in school construction are really, really important for job creation and the comfort of our kids. And frankly, I'd like to see us do more rather than less. We're one of the few states that does anything and we're probably the only State that

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managed to find a way to do more for our kids during this recession. And I think to get out of this recession and put it firmly in our rear view mirror we need to do more still.

Are there other, is there anyone else to testify on other items that are before us here on the, as that motion pends on Item 13, are there any other persons who are here on the Secretary's Agenda items?

SECRETARY MCDONALD: -- items --

GOVERNOR O'MALLEY: Yeah, the remaining --

SECRETARY MCDONALD: I would just like to point out Item 15, if I may?

GOVERNOR O'MALLEY: Which one is that?

SECRETARY MCDONALD: That is the Warren K. Wright Excellence in Maryland Procurement Award. It's a biennial award. And I would like, this office, the Board of Public Works is recommending that the Board award that award, the Excellence in Maryland Procurement Award to the Governor's Office of Minority Affairs.

MR. COLLINS: Hear, hear.

SECRETARY MCDONALD: We have had individuals before but we wanted the entire office to be named here because every individual in Secretary Jenkins' office has done so much for not just minority business but for Maryland procurement and government contracting. And so I and my staff and the procurement advisor strongly recommend that the Board recognize the Governor's Office of Minority Affairs with the Warren K. Wright Excellence in Maryland Procurement Award.

GOVERNOR O'MALLEY: Well that's great. And that is an award offered by?

SECRETARY MCDONALD: By you. By us, the Board of Public Works.

GOVERNOR O'MALLEY: By the Board of Public Works?

(Laughter)

SECRETARY MCDONALD: No, no, no, no, no, no. No.

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GOVERNOR O'MALLEY: It's not that way, right.

SECRETARY MCDONALD: No we have a plaque but it's drilled into the wall in the Warren K. Wright conference room and I'll have to take the little name tag off --

TREASURER KOPP: Oh.

GOVERNOR O'MALLEY: That's great.

SECRETARY MCDONALD: -- invite Lawanda down but I don't have --

GOVERNOR O'MALLEY: But this sounds like a staff driven award.

(Laughter)

TREASURER KOPP: It does.

SECRETARY MCDONALD: But I did make sure, I do believe that the, that there is --

TREASURER KOPP: I very strongly supported it, absolutely. I think that that office, led by Secretary Jenkins, has done and is doing a magnificent job, keeping us all on our jobs. I really appreciate it, not only as a member of this Board but as the head

of a State agency, the way you work with us and help us improve.

GOVERNOR O'MALLEY: You made tremendous strides in improving the diversity of our subcontractor and contractor pool even in a time of economic contraction. Anytime you, anything you want to say, Ms. Jenkins, about the progress?

MS. JENKINS: First of all, thank you, Secretary McDonald.

GOVERNOR O'MALLEY: Was this a surprise?

MS. JENKINS: Well she shared it with me last week so I kind of knew about it, yeah.

SECRETARY MCDONALD: -- make sure you look at Item 15 to see if there's a problem with it and she got a little concerned.

MS. JENKINS: Yeah. No, this is really an exceptional award for us. I had the privilege of knowing and working with Warren Wright during my first tour of duty. And as two of my key staff members, Janice Montague who really is the procurement arm in

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our office, and Assistant Secretary John Petty. So this is a huge honor for us.

And Governor just so you know, while we talk so much about all the MBE goals and procedures that we go through to get the program running, our program of what we do really does support the State's job equation. We've been calculating how minority firms who participate on State contracts contribute to our job base. And you will be happy to know that MBE supports 20,000 direct and indirect jobs every year because of the \$1 billion that they get paid working on State contracts.

GOVERNOR O'MALLEY: And they are far more likely to be local, Maryland businesses.

MS. JENKINS: They are local, right. And \$46 million in taxes, and \$600 million in salaries and wages. So it's important that we make sure that our minority firms participate in State contracting and our Board of Public Works is a key ally in making that happen. So thank you again for the award.

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GOVERNOR O'MALLEY: Okay. Well done. Well look, let's go back to, now the Comptroller has a motion pending. Madam Treasurer, anything you want to say on this Item 13?

TREASURER KOPP: Yes. I'd like to say two things. First of all on the human level, of course I'm extraordinarily sympathetic. I cannot function well in hot, humid environments myself and understand how difficult it is for the faculty and the students. I am impressed that in fact there have been significant improvements since Dr. Hairston came, both with new buildings and retro when the utility capacity supports it. And I understand there are problems when the utility capacity doesn't support it.

My concern is that I have always believed that these decisions initially should be made at the local level by the school board and the county government. And I would be candidly very concerned to have this Board or any of the politicians here in Annapolis actually start deciding where school

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construction money should be directed. And I did hear the Superintendent and the County Executive when they pointed out that this would be worked into this year's submission for the larger school construction program where presumably both the other parts of the county and other types of projects will be addressed, all of which I hope will be on the A and B list.

This is unusual money. This is one-time money. This is one-time money that came to us through very, very difficult decisions. It's always easier to say you make the decision and I'll take the benefit. And that doesn't work in a legislature or in a democracy. And for those two reasons, quite candidly, I'm not inclined to go against what the local government is proposing.

GOVERNOR O'MALLEY: Though I think all of us would urge the county to do everything it can.

TREASURER KOPP: They should move quickly.

GOVERNOR O'MALLEY: And encourage the parents to support us in our efforts to increase

school construction funding next year and urge the county to do everything in your power to improve outcomes not only for all children, of course for all children, but also given the particular concern voiced here by children in Middleborough. Mr. Comptroller?

TREASURER KOPP: And, and --

GOVERNOR O'MALLEY: I'm sorry?

TREASURER KOPP: -- let me just say that six, more than 60 percent of Maryland's general obligation funds go to school and university construction, which is unusually high across the country. I think you would find the people at this table happy to make it even a higher percentage and more money, but you have to have the support from the majority downstairs to do that.

GOVERNOR O'MALLEY: Mr. Comptroller, any final words?

COMPTROLLER FRANCHOT: I'd just like to thank the folks from Middleborough that came down, the kids. I thought it was compelling testimony. I

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thought the kids were riveting, it was powerful. And obviously you are here because you did make your case in the county. Nobody listened to you. That's why you're down here. Yes, I love federal stimulus money. I don't know if they're printing it somewhere in the basement I guess and sending it out to everybody. Sure, we'll take our stimulus money. But this is cash on the barrel head we're looking at. \$7 million, no strings attached, coming to the Board of Public Works. And you know, we are voting to spend more on stage lighting at Pikesville, for less money we could air condition the entire school at Middleborough. With just half of the \$7 million we're voting today we could air condition 24 elementary schools immediately.

Anne Arundel County has done this. The box units are fine. There is no leakage. There is no electrical problem. There is no maintenance problem. There is no nothing. They are up, they are working. My motion is to spend \$3.5 million on air conditioning box units. And think of that. Not just your school,

but 24 schools could be taken care of by the spring. I appreciate the ten year plan, or the 100-year plan, or whatever it is that the county is proposing. But it's not good enough.

And I hoped that I could get a second and sorry for raising the heat index, but listen to these folks. They are not here because they want to get their name in the newspaper or something. They are here because they want help for their kids and the Board of Public Works can do it. And with all due respect the local jurisdiction, Madam Treasurer, has dropped the ball on this. And you know, we're all very polite and diplomatic in describing the situation but basically these people have been blown off.

GOVERNOR O'MALLEY: Well --

COMPTROLLER FRANCHOT: And it's bad. And I hope that we in January, if we don't pass the motion, it doesn't look like it's going to pass because you know, whatever, whatever the reasons are. But I hope in January these parents are back here again when the

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school construction budget for the counties is presented to us. And I hope there are a lot of you here. And I hope you give us the same powerful testimony you gave, and thank you for doing it. And you know, sorry for raising my voice. But I am incredibly frustrated at this given that we have a solution right in front of us that Anne Arundel County has demonstrated will work.

And I hope Mr. Sines is still here, that as he leaves he'll make a phone call to his counterpart in Anne Arundel County, get the facts, and produce some action. And if you're concerned about the, Dr. Lever and the regulations, trust me, this Board will work with you to make whatever you propose feasible. Thank you, Governor. I press my motion and ask for a second.

GOVERNOR O'MALLEY: Your motion is pressed. Is there a second? There is not a second and we look forward to the larger allocation of capital construction and school renovation dollars which will

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come up. This was an anomaly. This was part of the proceeds of that alcohol tax vote, I believe?

TREASURER KOPP: Yes.

GOVERNOR O'MALLEY: And so there will be other allocations coming up. To the parents, your breath was not wasted. And to the kids, your testimony was very impressive. And there are a lot of lessons to be learned here today, not all of them about politeness and diplomacy. And is there a motion for the, the balance of the Secretary's Agenda made by the Treasurer. Seconded by yours truly. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

SECRETARY MCDONALD: The Comptroller is opposed just to Item 13, correct?

TREASURER KOPP: You said the balance.

SECRETARY MCDONALD: But then the  
Comptroller raised his hand and I wanted to make sure  
--

GOVERNOR O'MALLEY: Okay. Well let's  
record, let's do Item 13 individually.

SECRETARY MCDONALD: Okay.

GOVERNOR O'MALLEY: Treasurer moves approval  
of Item 13, seconded by the Governor. All in favor  
signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed?

COMPTROLLER FRANCHOT: No.

SECRETARY MCDONALD: Thank you.

GOVERNOR O'MALLEY: The Comptroller votes  
no. Balance of the Agenda, so that took care of it  
because we did the balance.

SECRETARY MCDONALD: -- make sure.

GOVERNOR O'MALLEY: All righty. Look, let's  
move on now to, I want to hear from Secretary Skinner  
on foreclosures, who has been patiently waiting.

MR. SKINNER: Thank you. Thank you, Governor, and good morning Mr. Comptroller, Madam Treasurer. It's been some time, probably over a year, since Secretary Sanchez and I were here before the Board talking about foreclosures. But a lot has happened in the meantime. We continue to be plagued by too many foreclosures. So today I just want to give you kind of a quick update. And most importantly I want to talk to you about an enormously successful program where we've helped about 1,400 families here in Maryland to avoid foreclosure by giving them direct financial assistance as the result of a federal program called the emergency home loan program.

First of all, the slide that you see on the screen just gives a real quick chronology of what we've been doing over the last four years. And Governor, it's hard to believe it's been four years that we've been dealing with this issue. Certainly when you asked us to first get involved I thought this was something that we could tackle pretty quickly and

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certainly within a year or two see much improvement. And we have seen some improvement. But as you know, with the economic downturn, the economy being the way it is, unemployment still too high, we still continue to see homeowners here in Maryland who are challenged by their mortgage situation and are still facing foreclosure.

But we started in 2007. Governor, you appointed the Home Ownership Preservation Task Force. We started the Mortgage Late, Don't Wait program. We set up our hotline, our Hope Hotline, and our website, mdhope.org. In 2008, based on the recommendation of the task force, legislation was passed to improve the foreclosure process. And particularly at that time, as you recall, Maryland was one of the states where foreclosures could literally take place within 15 days. Under that legislation that process was lengthened to about 150 days or so. At that time we also banned certain types of subprime, or what we

referred to as exotic loans which were at that time causing the main problem.

Then in 2009 we continued to expand our counseling network. We got money from the feds through the NeighborWorks America program. We also received about \$26 million from HUD under what was called the Neighborhood Stabilization Program. That program allowed us to go into neighborhoods impacted by foreclosure to buy up vacant, foreclosed homes and put them back into productive use. And we were very successful, particularly in Prince George's County, which as you will hear in a minute has the highest number of foreclosures in the State. We were successful in bringing back online about 300 homes in Prince George's County using this Neighborhood Stabilization Program.

In 2010 the Governor proposed and General Assembly passed the Foreclosure Mediation Program --

TREASURER KOPP: Excuse me, Mr. Secretary?

This last one, the buying back the homes, Neighborhood Stabilization?

MR. SKINNER: Right.

TREASURER KOPP: Do you have anything, not at this moment, but a little, drilling down into that a little more, about how it worked, where it worked? I mean, it sounds like --

MR. SKINNER: Yes, we can provide the details --

TREASURER KOPP: Because our real concern was not only the home, the specific homeowners, obviously a great concern --

MR. SKINNER: Yeah, but --

TREASURER KOPP: -- but the entire neighborhood --

MR. SKINNER: Right, absolutely. The neighborhood and the impact that foreclosed homes have on the neighborhood. And we do have some information on that and I'd be happy to provide it to the Board.

TREASURER KOPP: Thank you.

MR. SKINNER: Okay. So in 2010 we did the mediation legislation and that gives homeowners an opportunity to meet face to face with their lender or servicer and try to work out something to actually avoid foreclosure.

That brings us into 2011. We've done a couple of other things in the General Assembly session this year. We passed enhancements to the mediation law to give homeowners more time to opt in. It is an opt in process, where the homeowner has to make an affirmative decision to ask for mediation. It originally was a 15-day process. Now under the new law the homeowners have 25 days to opt in for mediation.

We also received funding from the federal government under the Emergency Home Loan program, and I'm going to talk about that more in a minute. And finally, Governor, as you know just recently you appointed a new task force which is chaired by myself

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and DLLR Secretary Sanchez. And the idea with the new task force is, as I said at the beginning, we continue to be challenged by this issue. So you asked us to take a fresh look and begin starting at where we are today. So we've convened stakeholders. We've convened legislators. We've convened lenders and servicers, other stakeholders who are involved in the mortgage process, realtors, lenders and so forth. And the task force has had two meetings so far beginning in September. We will have our third meeting tomorrow. And we will be coming to you with some recommendations before the end of the year.

This slide really shows in very graphic terms the progression of foreclosures over the years. Again, beginning in the first quarter of 2007. And you can see again and start turns how foreclosures have progressed and gone up. And then in these last few months, few quarters, have actually gone down. Each of these dots represents a quarter, again beginning in the first quarter of 2007 when at that

time we only had about 1,500 foreclosures. And then those numbers began to go up in what we called the subprime meltdown. And again, that's when we began to take action and got involved with our counseling network, began to do things like try to refinance people out of the subprime loans and so forth.

And again at that time, if we start with that first quarter of 2007, at that time Maryland ranked 37th nationally in terms of the actual number of foreclosures, that 1,589. And then if you go, you know, follow the trend upward to the first quarter of 2008, at that time Maryland ranked number 12 in the nation with over 11,000 foreclosures.

GOVERNOR O'MALLEY: Hm, that's at the peak?

MR. SKINNER: That is not quite the peak.

But at that time what happened --

GOVERNOR O'MALLEY: I mean, first quarter of '08 --

MR. SKINNER: First quarter of '08, right.

GOVERNOR O'MALLEY: -- we were 12th?

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MR. SKINNER: We were 12th in the nation at the 11,000 number. At that time, as I mentioned earlier, we did pass the foreclosure legislation and we did see somewhat of a downturn in the first, particularly the second and third quarters of 2008. And that was when lenders and servicers were getting used to the new requirements under the legislation and giving homeowners additional time before they could be served.

And then beginning in the second quarter of 2009 you saw a sharp upturn again. And we're not quite sure exactly what happened there. But one of the things we think did happen is that that was during the time when the federal government had this tax credit stimulus program, where anyone who bought a home got a, I think it was an \$8,000 tax credit on their federal income taxes. That really stimulated home sales throughout the country. So we saw a significant increase in the number of sales throughout the country and here in Maryland. And we suspect that

one of the things that happened then is that lenders actually were very strategic in that they had sort of a backlog of foreclosures that they began to push out because there was this additional demand for home buying. And so at that time we saw, again, a big spike in the number of foreclosures to the point where in the fourth quarter of 2009 with over 16,000 foreclosures Maryland ranked tenth in the nation. And that's just the number of foreclosures, that's not a rate or anything. So, you know, again given that we're a small state we ranked tenth in the actually sheer number of foreclosures.

GOVERNOR O'MALLEY: Which meant on the rate we were probably top three or five.

MR. SKINNER: Right, absolutely.

GOVERNOR O'MALLEY: Do we know if these are first homes or --

MR. SKINNER: This is the data from realty track. I believe this just tracks first homes, principal residences.

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TREASURER KOPP: -- residences?

MR. SKINNER: Not investor or vacation homes. And then beginning in the middle of 2010 another dramatic thing happened. And that is we heard about this so called robo-signing scandal. And that was a situation where, you know, we had people signing affidavits who really could not directly attest to the information in these affidavits. And at that time most of the large servicers actually stopped filing foreclosures. They never officially called it a moratorium but the reality is they stopped filing foreclosures. At the same time our new mediation law was beginning to take effect. So that also put in additional requirements on the lenders and servicers, which again caused them to delay actually filing for foreclosures.

But even with that said, we also believe that another reason for this dramatic drop in 2010 was because of all the things that we've done. The new foreclosure mediation law, the counseling network that

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we've put in place, the pro bono attorneys who are working with our homeowners and helping them to fend off these lenders and servicers. We think the system really is working and at least in part, that's partly responsible for the downturn.

We have through our counseling network, we've counseled over 68,000 households in helping them, again, to stave off foreclosure. And we've actually assisted over 17,000 households in avoiding foreclosure. So if you go all the way over to the 2011, the second quarter of 2011, which is 4,500 foreclosures, at this time we are now ranked number 41 in the country which is, you know, much more in line with where, you know, we'd like to be. We don't want to be, we certainly don't want to be in the top ten in terms of foreclosures.

While again I think that situation is good on the other hand we are concerned that this may be somewhat of a lull in the sense that we know that there's a backlog of delayed foreclosures, again

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because of the robo-signing scandal, other issues that lenders and servicers are dealing with. There have been more federal requirements that they have to deal with and partly because of that they've, again, sort of delayed actually filing for foreclosure. I mean, we see people all the time who are six months, 12 months, even 18 months behind in their mortgage and the servicer has not filed foreclosure yet on them. So we know there is this kind of backlog out there and certainly we think we're going to begin to see more foreclosures filed. In fact the data that we have here is the quarterly data. But if you look at the data just for the month of September, which we just recently got in, there was actually a 31 percent increase in the number of foreclosures from August to the month of September. So we think that may in fact be the beginning of this sort of uptick. Because, again, of the backlog.

The other thing that we look at is delinquencies and we've seen an increase in

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delinquencies over the past few months. And delinquencies, as delinquencies increase a certain percentage of those delinquencies will actually end up going to foreclosure.

Also, you know, the continued bad economy with relatively high unemployment causes people not to be able to pay their mortgage. And the other thing that we track, and this is, DLLR tracks the orders to docket. And we've seen a significant increase in the orders to docket again over the last couple of months. So again, that's the initial stage. And those, a certain percentage of those will actually end up going to foreclosure. So I'm sort of just cautioning you that while this downturn certainly looks good I think we need to be cautious and stay vigilant going forward in terms of the potential for more foreclosures being out there.

GOVERNOR O'MALLEY: Are all the other states seeing the same --

MR. SKINNER: Yeah, we're pretty much mirroring the national trend in terms of what's happening.

This slide, while foreclosures certainly have happened all over the State and I guess the general trends have been going on for the last four years, Prince George's County continues to be the most heavily impacted. And this slide was just to show you that. About a third of the foreclosures in the State occur in Prince George's County. And this has really been consistent since we started tracking this in 2007. And this map, the red, the bright red really, this is what we call a hot spot index, which is a combination of the raw number of foreclosures combined with the foreclosure rate. And again, as you can see, the darker the red the more severely the areas impacted by foreclosures. And as you can see most of Prince George's County is mostly red. There are a couple of, and that's the severe hot spots. And then we have something called high hot spots which are the

paler color. And you see those in some of our urban areas like Hagerstown, Frederick, Baltimore City, and Baltimore County, particularly in the Liberty Road corridor of Baltimore County.

GOVERNOR O'MALLEY: Mr. Secretary, you said before that we're pretty much mirroring the rest of the country but my numbers say that we're, our rate is 77 percent lower than the rest of the country now and that in fact we're kind of gaining way under it.

MR. SKINNER: Yes. Now. I said generally speaking, since we started tracking from the beginning we've pretty much mirrored the country. Now in fact we are --

GOVERNOR O'MALLEY: -- in fact in September --

MR. SKINNER: -- and we, as I said we're number 41 now. So that's a good thing, absolutely.

GOVERNOR O'MALLEY: So we're not mirroring the rest of the country --

MR. SKINNER: Right, no, we're not now.

Correct.

GOVERNOR O'MALLEY: We're gone way under.

MR. SKINNER: We've come down. We've come way down, yeah, absolutely.

GOVERNOR O'MALLEY: Much, 77 percent lower than the national foreclosure rate. In fact what I'm looking at would indicate that our foreclosure rate now is about what it was back in June, '06 before any of this --

MR. SKINNER: Right. Before any of this happened, absolutely. Right.

GOVERNOR O'MALLEY: -- suffering washed across --

MR. SKINNER: Right. That's correct, Governor.

GOVERNOR O'MALLEY: Okay. I'm sorry, keep going.

MR. SKINNER: Okay. Yeah, I want to get through this quickly. I know it's getting late.

GOVERNOR O'MALLEY: No, no, no, no. We had plenty of time for Middleborough --

MR. SKINNER: Okay.

GOVERNOR O'MALLEY: -- so we can have plenty of time for home foreclosures.

MR. SKINNER: Okay. Thank you.

GOVERNOR O'MALLEY: Take your time.

MR. SKINNER: So while the initial wave of foreclosures was primarily caused by bad mortgages so to speak, you know the subprime loans and other exotic loans, and pick a payment loans, and so forth, more recently what we're seeing is that people can't pay because they don't have a job. Or they are underemployed, their wages and hours have been cut back. So in 2008 the federal government using TARP dollars did something, what they called the, they set up something called the Hardest Hit Fund. And those were states that had high unemployment and high numbers of foreclosures. And it started with eight states and they selected these eight states and they



gave millions and millions of dollars to these states using the leftover TARP money. For example, North Carolina got something like \$500 million. Florida got \$1 billion. The State of California over \$2 billion through this Hardest Hit Fund. And the idea was these funds could be used to help people who were unemployed, to help them catch up on their mortgages and stay current and move forward.

Maryland was not eligible because of our, you know, relatively low unemployment rate compared to some of these other states. So again, it started with eight states and then states were added individually or in pairs over the next year or so till I think there were actually, it ended up being 16 states and the District of Columbia that were part of this hardest hit fund. Again, Maryland not being eligible.

Then in the summer of 2010 as the Dodd-Frank Wall Street Reform Act was going through being enacted Congressman Elijah Cummings was very instrumental in adding an amendment to that bill to add \$1 billion

that could be used to assist people who were unemployed and to help them avoid foreclosure. So that amendment did pass and they set up something called the Emergency Home Loan Program. And it was \$1 billion nationwide. It was allocated by --

GOVERNOR O'MALLEY: I had forgotten that Elijah Cummings did that.

MR. SKINNER: Right. Yes, absolutely.

GOVERNOR O'MALLEY: I mean, I know how passionately he cares about this issue --

MR. SKINNER: Yes, he is.

GOVERNOR O'MALLEY: -- and how many seminars, I mean, how many workshops he's brought together so people can come with their documentation to our nonprofit counselors and get the help they --

MR. SKINNER: Right. Yeah, we've --

GOVERNOR O'MALLEY: I had forgotten that he actually sponsored --

MR. SKINNER: Right, the amendment to this bill --

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GOVERNOR O'MALLEY: -- the dollars that we were such big beneficiaries of because of your professional network of people effectively working here.

MR. SKINNER: Yeah. Absolutely. Yeah, no, Elijah was critical in making that happen.

GOVERNOR O'MALLEY: We should send, we should, well keep going.

MR. SKINNER: So that, the funding for that was announced, in fact David Stevens, who at the time was the FHA commissioner in HUD, came to our annual Governor's Housing Conference in October, 2010 and announced that the State of Maryland would get \$36.1 million under this program. So we were geared up, we were ready to go to start accepting applications. Unfortunately HUD, and we have still not quite figured out how this happened, HUD just kept delaying and delaying the release of the money. So the money did not get released under this program until April of 2011, April of this year.

GOVERNOR O'MALLEY: They probably didn't like the fact that a legislator told them to do it.

MR. SKINNER: To do it, maybe.

Unfortunately though, in the legislation, this money was only allocated for a year. The money had to be spent by September 30 of 2011, by the end of the federal fiscal year. So with our not getting the money available until April it literally gave us six months to get this money out the door.

So what we did, I mean we immediately launched an all out effort. And we called the program EMA, the Emergency Mortgage Assistance Program. We reallocated some existing staff. We hired some people on contracts. We hired people from a temp agency. And really went to work. I mean, we were very successful. We did outreach, different kinds of outreach and I'll talk a little bit more about that in a minute. We had stakeholder participation. We had elected officials participate, including the Governor and Congressman Cummings who went to press events with

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some of the recipients of the funds just to try to get the word out and get more publicity about it.

And the way this program works, it's a zero percent deferred loan. And a household can get up to \$50,000 that can be used to bring up their arrearages. As I mentioned earlier, some people are six, 12 months behind in their mortgage. And so the first thing the servicer wants to do, before they even talk to them, is you've got to bring up the arrearages. So this money can be used to do that. And then going forward we can pay a portion of their mortgage, they are required to pay 31 percent of their income, whatever their income is, and we can pay the difference between that 31 percent and their mortgage payment going forward for up to 24 months, up to a total of, the arrearages and the monthly payments, up to a total of \$50,000.

GOVERNOR O'MALLEY: Mr. Comptroller?

MR. SKINNER: Again, this is a zero percent deferred loan.

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GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes, thank you for the briefing. I look forward to getting more of it. I see a lot of this information every day when I look at the data. I, unfortunately I have to go to another meeting but I'd like to thank you for your activism and advocacy, and the Governor, and Congressman Cummings and others. But my business advisory council and others are very concerned. And I appreciate your caution and your candor, because they believe a tidal wave of foreclosures are about to hit Maryland. And they are extremely nervous about this. I mean, already in Prince George's, in many areas the market rate is short sales and foreclosures.

MR. SKINNER: Yeah.

COMPTROLLER FRANCHOT: And that impacts, as you say, the whole economy because we're so consumer driven. So I guess first of all I just want to thank you for the presentation. And I want to, you know, where I can be supportive and helpful of your efforts

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and the Governor's efforts, I'd like to. But the private sector folks tell me the poison has got to get out of the system somehow. And I guess I'm just curious, do you have any kind of program where the banks can foreclose but then lease back the home to the homeowner so people can stay in their homes but the process can --

MR. SKINNER: We don't have a program like that now. But there are some programs being worked on nationally and we are looking at trying to do something like that, working with a couple of national organizations. Enterprise and others are looking at a program where they are trying to actually, literally trying to raise capital that they can use to buy the properties from the bank and then keep the homeowner in there under their current situation and collect the payments, or under a lease purchase type option.

COMPTROLLER FRANCHOT: My understanding is that's become a top priority for Treasury and other folks at the federal level. Because a lot of the

work, however well intentioned, isn't solving the problem. In fact, the private sector says it's making the problem worse because it's holding the resolution up. But this idea I kind of like because you don't have to go through foreclosure.

MR. SKINNER: Right.

COMPTROLLER FRANCHOT: You could do a quick deed between the bank and homeowner. They can stay in the house. They pay a lease payment. The bank can, you know, continue on its process. But, you know, everybody's home value doesn't plummet because of the foreclosure process.

MR. SKINNER: Because of the short sale.

The --

COMPTROLLER FRANCHOT: So any information, I think it's on the front burner down there.

MR. SKINNER: Right. The other big thing that they're working on, of course, is this idea of being able to refinance people, and you know, even



people who are underwater. So those are two big issues that the feds are working on.

COMPTROLLER FRANCHOT: Thank you.

MR. SKINNER: Thank you for your support.

TREASURER KOPP: But you are talking about using public funds to assist this, I gather?

MR. SKINNER: Well actually the groups that I'm familiar with, there's something called the National Community Stabilization Trust, and Enterprise is a part of that. They are trying to raise private capital. They are getting investors.

TREASURER KOPP: Trying to raise private --

MR. SKINNER: Right. And they, you know, they have these formulas which show that if you invest money in this fund you'll get a certain rate of return.

TREASURER KOPP: But the banks themselves, the banks themselves, those banks which do hold the mortgages of which there are confusing numbers anyhow, those banks themselves are not

constrained by law from working things out with the mortgager, are they?

MR. SKINNER: They are not constrained by law. But one of the, you know, one of the key things, and again this has been talked about for years, is the idea of cram down or principle reduction.

TREASURER KOPP: Right.

MR. SKINNER: And the banks still do not want to deal with that.

TREASURER KOPP: They do not want to, of course not.

MR. SKINNER: Right. And we --

TREASURER KOPP: But they are not prohibited by law from --

MR. SKINNER: No they are not prohibited but --

TREASURER KOPP: Because the banks have come to me and explained their problems that they need assistance, whether it's from the private sector or

the public, to do these things. The fact is, it would hit their bottom line if they stepped up, wouldn't it?

MR. SKINNER: I think it would. But you know by the same token the public sector has given them billions of dollars through this TARP.

TREASURER KOPP: Absolutely. My sympathies are limited for that reason.

MR. SKINNER: Okay. So just quickly, going to the next slide we were, again, so successful with this program, initially we were really concerned, as I said, because we only had this six-month window. But as I also said we really put together a strategy. We got enough staff involved. And we were able to go through the money that was initially allocated, the \$36.1 million. We went back to HUD and asked them for \$5 million additional which they gave us. And then we went back a second time to HUD and asked for \$15 million additional. So we got a total of \$20 million additional from our initial allocation of the \$36.1 million. So instead of helping 1,100 families, which

was our first goal that was set by HUD, we were able to help over 1,400 families to stay in their homes through this program by providing this direct financial assistance.

And compared to other states, just really quickly the way this program ended up operating there were five states that were allowed to operate the program on their own and we were one of them. The other I think it was 27 states and Puerto Rico HUD literally operated the program in those states. And their performance was abysmal. They actually ended up spending less than a third of the money that was allocated, something like \$800 million. But for the five states that ran the program themselves, all of us were able to expend what was initially allocated. And two states, Maryland and Connecticut, actually went back and asked for additional money. And again we were the one state, I don't remember exactly how much additional that Connecticut got, but it was nothing

like that \$20 million additional funds that we got here in Maryland.

TREASURER KOPP: Do you have to go through the same sort of reporting to the feds as with ARRA and --

MR. SKINNER: Similar. Yeah, there is quite a bit in terms of reporting that we have to do for this money. And that's one of the things that we're following up. So the program ended, actually ended September 30th. And again I want to give kudos, I want to give kudos to my staff because they worked, they worked their butts off, they really did. They were there late, you know, staying till 10:00, 11:00 every night. They worked on weekends in order to get these loans into the system. And literally on the last day, on September 30th, we had people there at 11:30 that night getting those last loans into the system so they would register before the midnight deadline.

GOVERNOR O'MALLEY: Mr. Secretary, let me know how I can send them a thank you. Or --

MR. SKINNER: Okay.

GOVERNOR O'MALLEY: Okay? Because they are the unsung heroes.

MR. SKINNER: And finally the last slide. I just wanted to point this out, that again the reason why we were really so successful in doing this was because of, one, just the tremendous effort on the part of all of our partners. But secondly, the real creativity on my staff. I mean, we did things, like we did a telethon. And the pictures you see here are from the telethon that we did with WJZ. And one of the staff came up with the idea, said well why don't we do a telethon like they do for public television, and so forth? And you know, when I, I turned up my nose and said, you know, that will never work. But they finally convinced me. And we talked to WJZ and they were very supportive. And so we did it. And so you see the picture there of the staff in the studio

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at WJZ on the phone. We had people call in. And we were taking the preliminary application for the emergency mortgage money over the phone. And during that telethon we got over 1,000 people called. And we, again, we took the preliminary application and then we had to follow up with them to get the full application. And in the picture on your left you see Lieutenant Governor Brown there. He actually came into the studio, did a live cut in during the 6:00 news during that telethon.

GOVERNOR O'MALLEY: That's great. I must have been out of town.

MR. SKINNER: And then finally, you see a little bullet over there. We won a national award for our outreach effort. Two weeks ago I went to, what, San Diego for the Conference of the National Council of State Housing Agencies which is our advocacy organization for all the state housing departments. And they give out awards at their conference. We actually won three awards, but one of the awards we

won was for this outreach program for the EMA program which included the telethon. We actually did door knockings. We went to some neighborhoods in Baltimore, some of those hot spots, and actually knocked on doors and gave out information about the program. So we won the national award for our outreach efforts under the category of communications and creative media. So again, we are, you know, we are delighted at the way that program worked.

In closing I just want to say, as I mentioned, Governor, you've convened this new task force. We're working. Our goal is to make sure that we're, you know, we're current. That we have the latest information about what's going on and to come up with some new ideas, new proposals to help us move forward addressing, you know, some of the barriers that we see in terms of sustainable loss mitigation. And also this issue of rebuilding communities where there, that are heavily impacted by foreclosures. One of the specific things we're working on, and thank you

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for your help on this Governor, is Fannie Mae has a program that they are piloting in the fall called the Pre-Foreclosure Mediation Program. Where instead of the mediation taking place like with our program, which is at the end, when you're almost, you know, about to get kicked out, this program, the mediation would take place before the lender files the foreclosure document. And so for loans that Fannie either owns or guarantees they are working on this program in Florida.

GOVERNOR O'MALLEY: That's a good idea.

MR. SKINNER: And Governor, you signed a letter to Fannie Mae requesting that Maryland be the second pilot State.

GOVERNOR O'MALLEY: Good. Use me to bang on those doors, right?

MR. SKINNER: I'm sorry?

GOVERNOR O'MALLEY: Keep using me to bang on those doors.

MR. SKINNER: Oh yeah, absolutely. And we're following up. And in fact the last couple of days I've been playing telephone tag with the key person at Fannie on that. And just last week on the, you mentioned the Jobs Act, the American Jobs Act. There are several components to that. One of the components is something called Project Rebuild, which would be \$15 billion to be allocated to states and local governments, again for this idea of neighborhood stabilization, allow us to buy up vacant, foreclosed properties. Fix them up, create jobs, and put people back to work and put people into those --

GOVERNOR O'MALLEY: That's as part of the American Jobs Act?

MR. SKINNER: Yeah, that's one of the components.

GOVERNOR O'MALLEY: Good.

MR. SKINNER: And again, as you know, they are breaking that up.

GOVERNOR O'MALLEY: Yes.

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MR. SKINNER: So this will be one of the pieces. Under the current formula Maryland would get \$20 million to work on that.

GOVERNOR O'MALLEY: That would be good.

MR. SKINNER: Okay. Thank you. And I certainly would be happy to --

TREASURER KOPP: Are there any particular programs that are focused on places like the dark red zones? I mean --

MR. SKINNER: I think --

TREASURER KOPP: -- is there a qualitative difference because of the --

MR. SKINNER: We are trying to concentrate as many resources as possible in terms of things like the housing counseling agencies. Putting more money into those agencies in Prince George's County so they can serve more people. Again, the same thing with the pro bono attorneys who are working with us. But the programs like this Neighborhood Stabilization is

really what we need I think in terms of capital dollars that we can use.

GOVERNOR O'MALLEY: Good job.

MR. SKINNER: Okay, thank you very much.

GOVERNOR O'MALLEY: It doesn't happen by itself. Thanks very, very much. A big round of applause.

(Applause)

GOVERNOR O'MALLEY: We have another big round of applause as we move to the conclusion of this Agenda and that is to Meredith, Meredith Lathbury who, I understand you are moving on?

MS. LATHBURY: That's correct, Governor. Today is my last Board of Public Works representing the Department of Natural Resources. And I start on Monday with the Town Creek Foundation in Easton.

GOVERNOR O'MALLEY: That's great. And what do they do?

MS. LATHBURY: Town Creek is a philanthropic foundation and they give grants to groups that are working on the health of the Chesapeake Bay.

GOVERNOR O'MALLEY: That's great. Well we have a Governor's citation, if you could come up afterwards, but I'll just for the benefit of all your colleagues who are here, you've been outstanding. Thank you so much, Meredith, for your professionalism. And this has been a time of tremendous change. And improvement, really, in the way we administer Open Space dollars, which are under intense scrutiny given the times of scarcity and cuts within which we are, that we are living through. And the objective measures that you all have come with, the criteria for Open Space purchases, the mapping, the greenways, the contiguity, all of those things are quantum leaps that happened under your time there.

So this is a citation in honor of your outstanding service and contributions as the Director of Land Acquisition and Planning and the Board of

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Public Works liaison for the Department of Natural Resources, and appreciation of your ongoing commitment of supporting conservation efforts for the benefit of our State and nation, not to mention future generations. And as the people of Maryland join in expressing our great respect and sincere best wishes for your success in all your future endeavors we're pleased to confer upon you this Governor's citation. And we thank you for your tremendous service.

(Applause)

GOVERNOR O'MALLEY: Believe it or not we still have a few items left.

TREASURER KOPP: Me, too.

(Laughter)

GOVERNOR O'MALLEY: And the Treasurer has reviewed all of these as she always does in anticipation of each of these meetings, as has my able staff and I.

TREASURER KOPP: I saw one item in Eloise's.

GOVERNOR O'MALLEY: Okay.

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MS. FOSTER: Okay.

GOVERNOR O'MALLEY: So the Treasurer moves approval of the Department of Natural Resources Agenda items, seconded by the Governor. All in favor signal by saying, "Aye."

GOVERNOR O'MALLEY: Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

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

MS. LATHBURY: Governor, I'm sorry to interrupt but I did want to just quickly introduce the new Director of Land Acquisition and Planning who is here today. Lisa Ward, who is sitting behind me. She has extensive --

GOVERNOR O'MALLEY: This isn't her special me day. This is Meredith's special me day. Come on up. Hi. Tell me your name?

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MS. WARD: My name is Lisa Ward.

GOVERNOR O'MALLEY: Lisa Ward. Ms. Ward, you fill very capable shoes. Okay, Department of Budget and Management Item No.?

MS. FOSTER: Okay. Governor, Madam Treasurer, good morning. There are nine items on the Department of Budget and Management's Agenda. Madam Treasurer?

TREASURER KOPP: I just, there is an item dealing with college savings. And I think it's an excellent item. But that's not -- yes, but I noticed the CEO of college savings sitting here and I thought she had a message that she wanted to deliver to us and the world this morning about Morningstar.

MS. MARSHALL: I do but we're on the DoIt Agenda.

TREASURER KOPP: Fine. Go ahead, anyhow.

MS. FOSTER: Okay. So any questions on the DBM Agenda?

TREASURER KOPP: No. But very quickly to --  
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GOVERNOR O'MALLEY: Hold on one second. The Treasurer moves approval of the Department of Budget and Management Agenda, seconded by the Governor. All in favor signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay."

(No response.)

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

SECRETARY MCDONALD: There are ten items on IT Agenda and you are here on Item --

MS. MARSHALL: Nine.

GOVERNOR O'MALLEY: Item 9.

TREASURER KOPP: Item 9 is great, but that's not the message. I mean seriously, this is really good.

MS. MARSHALL: We learned this morning that one of our college savings plans, the Maryland College Investment Plan, was rated by Morningstar as one of

the top five 529 plans in the country for the second year in a row. So they've renewed our top rating. Again, only a very few plans in the country get that rating. And we're very proud of that and we learned that just this morning. So thank you, Treasurer Kopp.

TREASURER KOPP: It's a very important way of helping families save for college and helping students go to college. Part of the total program of assuring the workforce of Maryland. And to have it noted nationally as one of the very, very best and therefore one of the very, very best investments for a family I think deserves recognition. And Joan has been a terrific leader of this program.

MS. MARSHALL: Thank you.

GOVERNOR O'MALLEY: Good job, Joan.

(Applause)

GOVERNOR O'MALLEY: We've got to get that out to young parents.

TREASURER KOPP: Well we now --

GOVERNOR O'MALLEY: -- first grade.

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TREASURER KOPP: Yeah, there were some. But we now actually have it as part of the kit, I don't know if Meredith got it? When you have a baby at a hospital --

GOVERNOR O'MALLEY: That's great.

TREASURER KOPP: -- in Maryland information about the College Savings Program.

MS. LATHBURY: I believe we did get that at the hospital.

GOVERNOR O'MALLEY: Good.

MS. LATHBURY: And we enrolled.

GOVERNOR O'MALLEY: Maybe we can go to kindergarten graduations next.

TREASURER KOPP: That would be good.

GOVERNOR O'MALLEY: All right. That --

SECRETARY MCDONALD: Motion --

GOVERNOR O'MALLEY: So now we're on Department of Information Technology. Any questions? The Treasurer moves approval, seconded by the Governor. All in favor signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. The Comptroller is absent.

SECRETARY MCDONALD: We have a couple, Joe Evans is here --

GOVERNOR O'MALLEY: Joe Evans is here, University System of Maryland.

MR. EVANS: University System of Maryland, Joe Evans representative. We have seven items on the Agenda today, here to answer any questions.

GOVERNOR O'MALLEY: We've reviewed all seven. I'm not sure that we have any questions?

TREASURER KOPP: No.

GOVERNOR O'MALLEY: We don't have any questions. The Treasurer moves approval. Governor seconds. All in favor signal by saying, "Aye." All opposed?

(No response.)

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GOVERNOR O'MALLEY: The ayes have it. The Comptroller, marked absent.

SECRETARY MCDONALD: And we have one last Agenda, Transportation Department.

MR. HICKEY: Good afternoon. Tom Hickey for the Maryland Department of Transportation. The Secretary had to leave for a meeting with General Alexander at NSA. She apologizes. MDOT has --

GOVERNOR O'MALLEY: I hope she's not in trouble.

(Laughter)

MR. HICKEY: MDOT has 15 items on today's Agenda. We've revised Items 12, 13, and 14. And we're happy to answer any questions you may have.

GOVERNOR O'MALLEY: I don't believe we have any. The Governor --

TREASURER KOPP: I have 42 questions but I'll skip them.

(Laughter)

GOVERNOR O'MALLEY: The Treasurer will supplement them with written interrogatories. All right. The Treasurer moves approval, seconded by the Governor. All in favor signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay."

(No response.)

GOVERNOR O'MALLEY: No, no, the ayes have it, actually.

SECRETARY MCDONALD: And the Comptroller is absent --

GOVERNOR O'MALLEY: And the Comptroller absent for that one as well. Thank you all very, very much. Meredith come on up for your picture on my special me day.

(Whereupon, at 1:00 p.m., the meeting was concluded.)

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