

STATE OF MARYLAND  
BOARD OF PUBLIC WORKS  
GOVERNOR'S CONFERENCE ROOM  
STATE HOUSE  
ANNAPOLIS, MARYLAND

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P R E S E N T

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HONORABLE LOUIS L. GOLDSTEIN, Comptroller;

HONORABLE WILLIAM S. JAMES, Treasurer;

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of State Planning;

MICHAEL NELSON, Acting Assistant Secretary,  
Department of Natural Resources;

MARION J. BOSCHERT, Administrative Assistant,  
Board of Public Works; and,

K. P. HEINEMEYER, Director of Real Estate.

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P R O C E E D I N G S

GOVERNOR HUGHES: All right. Department of Transportation.

MR. MILLER: Good morning. I'm Jim Miller from the Department of Transportation.

Today, we have 33 items on the Agenda. We're going to withdraw two items: 22-L-MOD, page 41 -- it was 22-L-MOD, page 41; and 33-GM, page 63.

At this time, we're prepared to answer any questions you may have on the Agenda.

MR. GOLDSTEIN: My first item, Governor, is Item No. 7-AE-MOD, page 15, Seagirt, unless Bill has one ahead of that.

MR. MILLER: Item 7? Mr. Green will review that item with you.

MR. GREEN: Good morning. I'm Bob Green, the Deputy Port Administrator.

Item 7-AE asks for the Board's approval for a contract modification to the design of the Seagirt Marine Terminal consulting contract. This particular area, there were concerns with what is called the "muck

area" of the Seagirt Terminal. This is where the porous material was placed from the Inner Harbor Tunnel dredging, and has not been included in the initial design for construction of this three-berth Seagirt Terminal. This is where the work material was placed. We knew it would take a long time for settlement, and we had indicated earlier that we wanted to go ahead with the design and construction of the three-berth facility; and then, at a later time, look into the various methods whereby we could make this additional area also useful.

So, at this time, we're asking for your approval for a modification to STV/Lyon with two subcontractors who will look into this specifically difficult area to handle. We know this will be a very high cost area once we decide to go with it because of the type of material that is in there, but it's now time, we think, to get a consultant looking at this to decide whether or not -- give us the options that we have for eventual use.

GOVERNOR HUGHES: Any questions of Mr. Green?

MR. GOLDSTEIN: Yes, sir. How many acres are

in that?

MR. GREEN: It's about 27 acres.

MR. GOLDSTEIN: 27 acres. Do you have any time schedule of when you want to use it?

MR. GREEN: Probably in the early '90's. We know we do not need it initially. That's why it was not included in the initial part of the Seagirt facility.

MR. GOLDSTEIN: All right. Thank you, sir.

MR. JAMES: Well, you could do it by stages, if you wanted to, couldn't you; just gradually --

MR. GREEN: I'm sorry?

MR. JAMES: Maybe you could do it by stages, if you wanted to, couldn't you; just gradually move into it a little bit at a time?

MR. GREEN: Well, of course, this is the way we're doing the entire project, one berth at a time; and one of the things we're doing is, as we get ready for each berth, there is a surcharge that's placed on top of, say, berth one, and that gets rolled over to berth two, and then berth three; and these consultants are looking to see how we can handle the existing surcharge

that's there so that we don't have to remove it from the facility, and best utilize it with the muck area.

GOVERNOR HUGHES: Thank you.

MR. GOLDSTEIN: Item No. 8.

MR. JAMES: Yes, 8 is pretty big.

MR. MILLER: Mr. Kiladis will discuss that item with you.

MR. KILADIS: Good morning. My name is Nick Kiladis. I'm from the Mass Transit Administration.

Item 8-AE-MOD is a substantial modification to one of the two design contracts, the design that's used for the Section "B" Baltimore Metro System extension. As you'll recall, this particular contract, when it was awarded back in '79, only included certain design services only because of some limitations imposed by the U.S. Urban Mass Transportation Administration. Subsequently, the contract was amended to add construction-related services and additional design services, based on our operating experience on Section "A" of the Baltimore Metro System. This particular amendment, to the best of our knowledge, represents the

final amendment that will be required to complete the services under this contract. It includes expansion of some of the design services and some additional design work; the necessary support of the construction program, which includes the review of shop drawings and field visits; and assisting the MTA in activation, start-up of the Section "B" Metro.

MR. JAMES: What is the time schedule? What is the time schedule for opening those up?

MR. KILADIS: For Section "B," right now, it appears to be July of next year.

MR. JAMES: And you think this will end the expense?

MR. KILADIS: I hope so, you know. Of course, things could occur in the field program, or in our test program.

MR. JAMES: Do you want anything about that Pettit & Martin? Do you want anything on that?

MR. GOLDSTEIN: What number is that?

MR. JAMES: 17.

MR. GOLDSTEIN: I have one ahead of that,

Bill. Let me see here. How about Item No. 9-AE-MOD, page 18?

MR. MILLER: Yes, sir, Mr. Agro will address that item.

MR. AGRO: Good morning, gentlemen. I'm John Agro, the Deputy Highway Administrator.

Item 9 is an item for reconstruction of Maryland 214, which is Central Avenue in Prince George's County, from I-95 to west of U.S. 301. This particular item is to compensate the consultant for the design of a 36-inch water main, and also to compensate the consultant for the relocation of a 36-inch sewer line along the length of the entire project. This particular design effort will be divided into three construction contracts. The first, from Campus Way south to Maryland 556, is scheduled for advertisement in January, but that advertisement is contingent upon the enactment by Congress of a Federal Highway bill because this project does qualify for Interstate substitution funds.

MR. GOLDSTEIN: Do you think the Congress will give you an answer in January?

MR. AGRO: Congress reconvenes January 6th, I believe, and then again on January 20th. While we don't, quite frankly, expect that they will act that quickly, we're prepared at the earliest date to move on this project for advertisement. The thinking among the states that attended the ASHTO conference recently is that we're probably more realistically looking at something in the February/March period for release of a new Highway bill.

MR. GOLDSTEIN: I see it's going to cost \$28,400,000.

MR. AGRO: That's correct; 75 percent of which would be federally funded.

MR. GOLDSTEIN: Thank you.

MR. AGRO: You're welcome.

GOVERNOR HUGHES: What's the water line?

MR. GOLDSTEIN: Sir?

MR. JAMES: They just have to move the line.

MR. GOLDSTEIN: That's the Office of the -- Sanitary Commission water main.

GOVERNOR HUGHES: They've got to move it.

MR. GOLDSTEIN: Yes, sir. Under that law, the state has to have the, pay them to move it.

GOVERNOR HUGHES: I thought they were putting a new one in.

MR. JAMES: No.

MR. GOLDSTEIN: Do you want anything on 16?

MR. JAMES: I don't really want to go into it. We'll never be able to do anything about it.

On 17, that Pettit & Martin case analysis -- 17 and 18 is related to those buses.

MR. GOLDSTEIN: 17? You say you want 17?

MR. JAMES: Well, I think -- is Mr. Kahn here?

How about a little discussion on 17, which seems to be a continuing matter? Is Mr. Kahn here?

MR. MILLER: Mr. Kiladis will address that item.

MR. KILADIS: Item 17 is an additional modification to the contract with a law firm out of Washington used to assist the Maryland Department of Transportation Contract Litigation Unit in the claims before the Board of Contract Appeals. This firm was

originally competitively selected back in 1981 to assist the department in claims arising out of the Baltimore Metro System. They have been used in several claims; and as the years went by, the staffing of the State Law Department and that group has built up to now where they're hitting a point where they can take over most of this work. Unfortunately, this particular firm was involved with several claims early, and there has been a series of amended briefs and -- filed that has required additional work.

MR. JAMES: Well, this 45,000 is not going to last very long.

MR. KILADIS: Well, this is the estimate we get from Mr. William Kahn, our Assistant Attorney General who is in charge of that operation.

MR. JAMES: How long does this -- well, we've paid them 1,365,000.

MR. KILADIS: Yes.

MR. JAMES: 45,000, at the rate they are paid, isn't going to last long.

MR. KILADIS: Well, as I said, they're trying

to wind it down, and we think that this does represent the completion. Again, it's -- you know how these dealings go before the Board of Contract Appeals. They can extend a hearing for a considerable period of time.

MR. JAMES: Well, I think we ought to have some analysis of how long this is going to last. We may be paying as much in attorneys' fees as the whole case is worth, if we're not careful.

MR. KILADIS: Well, these fees do not represent a particular case only. The total fees -- they were used on several other cases, too. So, this isn't just one particular case.

MR. JAMES: Well, the only question I'm asking is does this contract have eternal life, or whether it has some future termination?

MR. KILADIS: I understand the Attorney General has told that office to wind up these kind of contracts, and it wasn't necessarily us, even though we're footing the bill.

MR. GOLDSTEIN: Washington lawyers don't come cheap.

MR. JAMES: Well, Louis, we're in the wrong era.

MR. GOLDSTEIN: Yes, sir. They don't come cheap.

MR. JAMES: That's my only hope.

MR. GOLDSTEIN: Governor, I think we ought to have a little explanation on Item 19-E-MOD. This is an addition to the contracts. This is \$9,125,000 worth of buses.

MR. MILLER: Yes, sir. Mr. Kiladis will also address that item.

MR. KILADIS: Item 19-E is the exercise of the first option on our bus buy contract. When this contract was advertised, we only had funds at the time for buying suburban buses, which is the basic contract; and under these contracts, we have three years' worth of buys of city buses. Since receiving our federal grant, we're exercising this particular option at the prices that were bid in the original contract document, and this option has to be exercised by November 30th for these prices to hold.

MR. GOLDSTEIN: Are you having any trouble with these buses?

MR. KILADIS: No, these buses are essentially the same buses that we've been buying for the past four years now. We have over 300 of these types of buses in the fleet, and the service has been very good.

MR. GOLDSTEIN: You say you have 300 of them?

MR. KILADIS: Yes.

MR. GOLDSTEIN: What is the number of passengers on these buses?

MR. KILADIS: 47 passengers is what they hold, unless they have a wheelchair lift in them.

MR. GOLDSTEIN: Have you given any more thought about buying some smaller buses to use later in the evening --

MR. KILADIS: Yes.

MR. GOLDSTEIN: -- when you only one or two passengers riding them?

MR. KILADIS: We will be buying, perhaps, some 30-foot buses, but not necessarily -- we may use them for late evening service, but, right now, we're planning

on using them as feeder buses for the Section "B" Metro. Because of some of the neighborhoods those buses will be traveling in, we need a bus that's more maneuverable in those areas.

MR. GOLDSTEIN: Well, I see -- come around and get some smaller ones.

MR. KILADIS: Right.

MR. GOLDSTEIN: Thank you.

MR. JAMES: Not small, but smaller.

MR. GOLDSTEIN: Let's see. 21, they explained that the other day.

MR. JAMES: 22 has been withdrawn. 22 has been withdrawn. That's that duty free contract.

MR. GOLDSTEIN: Item 23, page 43 --

MR. MILLER: Yes, sir.

MR. GOLDSTEIN: -- ought to have a little explanation.

MR. MILLER: Mr. Rickert is here to review that item with you.

MR. GOLDSTEIN: Don't you think so, Bill?

MR. JAMES: Oh, yes. That's very important.

MR. RICKERT: Good morning, gentlemen. I'm Marshall Rickert, the Motor Vehicle Administrator.

Item 23 is a request for authorization to purchase eight acres of land east of Salisbury, Maryland, to construct a full service Motor Vehicle Administration branch office facility. This new facility would replace a current location, which is both inadequate in terms of size, and inadequate in terms of its location.

We have been working on this project since July of 1985. We have reviewed eight state-owned parcels, and an additional 27 privately-owned, or municipally-owned parcels coordinating this review with local elected officials in the delegation before we arrived at this recommended site.

During the past few months, we have been working with the seller, and also with the city of Salisbury to complete satisfactory arrangements for water and sewer service to be provided to the facility, and also to reduce the size of the acquisition from a contemplated 13 acres down to eight acres.

I am pleased, today, to advise you that these negotiations were successful. Our original estimate of the potential cash requirement for this recommended purchase was over \$800,000, including a loan to the city of Salisbury for water and sewer construction. We have reduced that price to \$236,000. This is also below the appraised value for the parcel, which is an added feature.

We're here, today, to recommend your approval of purchasing this land.

MR. GOLDSTEIN: By deferring it from last September to today, you saved some money, didn't you?

MR. RICKERT: Yes, sir, we did.

MR. GOLDSTEIN: Yes.

MR. JAMES: I want to congratulate you on this effort.

MR. RICKERT: Thank you.

MR. GOLDSTEIN: Yes, sir, the second effort really paid off, didn't it?

MR. RICKERT: It certainly did.

MR. GOLDSTEIN: Thank you. You did a good

job.

MR. RICKERT: Thank you.

GOVERNOR HUGHES: If you tried a third time, do you think --

(Laughter.)

MR. RICKERT: We've got a pretty tough owner there. I think we got it about as low as we can get it. Thank you.

MR. GOLDSTEIN: See, Bill, he saved your salary, and my salary, and the Governor's salary.

MR. JAMES: We might have lost it someplace else, though.

(Laughter.)

MR. GOLDSTEIN: We'll have to keep checking it. Governor, Item 24, that's where the city of Elkton wanted for a water tank. I don't think there's any problem there.

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: 25, they explained that.

26 --

MR. JAMES: Louis, do you want to talk about

this gasoline tax subject to --

MR. GOLDSTEIN: Yes, sir, Items 31 and 32.

MR. JAMES: Items 31 and 32, a little explanation on those.

MR. MILLER: Yes, sir. Mr. Tarr will review both of those items with you.

MR. TARR: Good morning. My name is William Tarr. I'm the Director of Administration for the Maryland Transportation Authority.

I have two items here, which is the leases for two service stations on the John F. Kennedy Memorial Highway. The first contract is NEN-4, which is actually a rebid of the original lease because the bids came in too low. The new bid price is 4.3 cents, which we're seeking approval for today.

MR. GOLDSTEIN: Which one is that?

MR. TARR: NEN-4.

MR. GOLDSTEIN: No, I'm talking about is that Item 31-GM?

MR. TARR: Okay.

MR. JAMES: 31 and 32.

MR. TARR: NEN-2?

MR. JAMES: 31 and 32.

MR. MILLER: They don't know these contracts.

MR. TARR: They don't know the contracts?

MR. GOLDSTEIN: 31-GM is this 5. --

GOVERNOR HUGHES: He's got his own numbering.

MR. MILLER: He's giving you their contract number, which --

MR. TARR: Okay. The first one would be the service station at the north end of the North Service Area of the John F. Kennedy Memorial Highway. That bid price was 5.1 cents per gallon that they would be providing to the Authority for leasing of that service facility.

MR. GOLDSTEIN: And you're going to have a clause in your contract that they've got to keep the bathrooms clean, and have sufficient toilet paper, and plenty of soap?

MR. TARR: That clause has already been added to both contracts; and, also, we have added it as an addendum to the previous contract that the Board

approved.

MR. JAMES: How does this compare with the prices we get at the Maryland House location? We get 5.2, I believe it is, a gallon at this point.

MR. TARR: (Nods head affirmatively.)

MR. JAMES: How does that compare with the Maryland House stations?

MR. TARR: These two stations would be lower, sir, because of the fact of the volume of gas that those stations pump as compared to the South Service Area. The South Service Area is a more popular service facility because it's the first station that people would hit going out of state; whereas, the North Service Area is the station they hit after they've already been through Jersey and Delaware. So, consequently, the service lease price -- the lease prices that we get for both the North and South Service Areas are higher than they would be for the North Service Area.

MR. GOLDSTEIN: Well, now, on Item 32-GM --

MR. TARR: Okay.

MR. GOLDSTEIN: -- you only got a bid of 4.3

cents a gallon.

MR. TARR: Yes, sir. Again, the same rationale applies for the South Service Station at the North Service Area. It's 4.3 cents; and, again, it's because of the location of the stations that the rental prices are lower than the South Service Area.

MR. GOLDSTEIN: And you'll have somebody to monitor it to be sure they have these stations clean?

MR. TARR: On a daily basis.

MR. GOLDSTEIN: That's very important, you see. When people go into a gasoline station, and it's dirty, and there's no place for the children to wash their hands, they'll never go back there again.

MR. TARR: Right. Let me -- you can rest assured the Authority is very interested particularly in the fact of the new construction going on at the Maryland House and the North Service Area, and the takeover by Marriott of those two facilities. So, it's important to the Authority that we have the most important best-looking service facility on the turnpike.

MR. GOLDSTEIN: We approved that contract back

several weeks ago.

MR. TARR: Right.

MR. GOLDSTEIN: Thank you, sir.

MR. TARR: Thank you.

GOVERNOR HUGHES: All you need is a half a dozen buses to unload with two, or 300 people.

MR. JAMES: Yes.

GOVERNOR HUGHES: It will make a mess in 15 minutes.

MR. JAMES: Yes.

GOVERNOR HUGHES: That's it, isn't it?

MR. JAMES: Yes. Well, wait a minute.

GOVERNOR HUGHES: 33 is withdrawn.

MR. JAMES: Yes. I move we --

MR. MILLER: That's it, yes. 33 was withdrawn.

MR. JAMES: I move we approve the Agenda.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the Transportation Agenda be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The Agenda is approved.

MR. MILLER: Thank you, gentlemen.

GOVERNOR HUGHES: Thank you, Mr. Miller, an excellent job.

MR. MILLER: Thank you.

GOVERNOR HUGHES: All right. The Secretary's Agenda.

MR. MCGINTY: Good morning. There are 32 items on the Secretary's Agenda. We have one item to withdraw: Item 3, page 3. It's being withdrawn at the request of the agency, the Maryland Port Administration.

Mr. Cassell, the Wetlands Administrator for the Board, is here to answer any questions the Board may have on any of the wetlands licenses.

MR. GOLDSTEIN: Is that the one they wanted to withdraw?

MR. MCGINTY: Yes, that's withdrawn.

MR. GOLDSTEIN: That's withdrawn, isn't it?

MR. MCGINTY: Yes, on Seagirt.

MR. GOLDSTEIN: That's withdrawn. Mr. Green, Item 3 on Wetlands, that's being withdrawn?

MR. GREEN: That's correct.

MR. GOLDSTEIN: You agree with that, do you? I think you ought to have something in the record.

MR. GREEN: Bob Green, the Deputy Port Administrator.

This item was scheduled for presentation today. Some questions were raised by the Governor's Committee, and we simply did not have time to answer all of the questions by today; and so, we've set up a special meeting with the Committee in the first week in December, and have also asked Mr. Cassell to reschedule this item for the next Board of Public Works' meeting.

GOVERNOR HUGHES: This is important.

MR. GREEN: Yes, yes, it's very important. I wish we had had enough notice that there were some questions; that we could have answered them in time for today.

MR. GOLDSTEIN: Yes, but I mean, in other words, this is a very important project.

MR. GREEN: Yes.

MR. GOLDSTEIN: Time is of the essence.

MR. GREEN: Yes.

MR. GOLDSTEIN: Thank you. Governor, Item 5, on page 20, Clerks of the Courts and Registers of Wills, the Comptroller has the responsibility of recommending to the Board of Public Works the salaries for these individuals: 29 clerks and 29 -- excuse me -- 24 Registers of Wills, one for each county and Baltimore City, and a number of clerks.

Basil Wisner, my Chief Deputy, has met with these folks, and reviewed the recommendations for their salaries. They have to have a salary set prior to taking the oath of office early in December. As you know, constitutional officers, once they take their oath of office, if their salary is not set, they can't change the salary. That's why this item is on the Agenda today.

MR. WISNER: I'm Basil Wisner, the Chief

Deputy Comptroller.

Governor and members of the Board of Public Works, I've given you two schedules: one for the Clerks of the Courts, and one for the Registers of Wills. I'll address the Clerks of Courts first.

What I've tried to give you is some degree of analysis to the workload volumes so that we could provide, hopefully, equal compensation for equal work and responsibility. I've given you three years of revenues: '84, '85, and '86, which would be indicative of the activity in the Land Records. I've given you information with regards to the number of cases and appeals filed within that office to give you some idea of that volume of work; and, also, the number of trials that have actually gone to court, and what kind of courtroom activities they operate. Also, the number of judges; their current salary, and proposed salary.

The Legislature raised the ceiling from 37,500 to 45,000, which is an increase of \$7,500 a year, and we're recommending that same basic increase down the line. There is one exception, and that is Calvert

County. There we have a \$10,000 recommendation primarily because the growth there in the construction, and also court activity brings that volume up to Allegany County, and we're recommending the same salary for the Clerk in Calvert County as Allegany County, primarily because the workloads are the same.

In the Register of Wills Office, I've tried to give you some idea as to the amount of inheritance type of revenues that are produced, and an average annual revenue from inheritance taxes; also, to give you some idea of the average number of estates opened because, certainly, you need both to get an idea of the relationship of work responsibilities because you could have the situation where a county could have high revenue -- for example, like Talbot County -- and a very smaller number of estates actually processed versus some other county.

Here, again, we're recommending a \$7,500 increase in every county with the exception of Dorchester where we see a workload that projects her volumes to be equal to Charles County; and, therefore,

we're recommending the salary be the same. Everything else would be in line with the Legislature in raising the ceiling to \$7,500.

MR. GOLDSTEIN: Governor, I think we ought to have a separate motion on these two items, the clerks and registers. I move we approve the salaries suggested by my Chief Deputy, Basil Wisner, as set forth in detail on these schedules.

MR. JAMES: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that Item 5 covering the recommended salaries for the Clerks of the Courts and Registers of Wills be approved. All in favor, signify by saying "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: All opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved.

MR. WISNER: Thank you.

MR. GOLDSTEIN: Governor, we have quite a few flood management programs: Item 8, 9, 10, 11, 12, and --

MR. MCGINTY: 8 through 12.

MR. GOLDSTEIN: 8 through 12. Excuse me.

MR. MCGINTY: Rebecca Hughes from Water Resources will address that. She can answer any of your questions.

MR. GOLDSTEIN: The question I was -- I have the same question on every one of them. Is there any chance of moving some of these houses, or selling them instead of just tearing them down?

MS. HUGHES: Good morning. I'm Rebecca Hughes, Chief of the Flood Management Division in Water Resources.

Yes, the question that you raised has to do with moving these structures instead of demolishing them. That has occurred on occasion, and the jurisdictions do consider it. In some instances, it may reduce costs, but usually they find that they can't recoup any income from moving the house. As you may know, certain kinds of structures don't lend themselves to moving. A slab on grade house does; a small frame house does. A larger brick structure may not. It has

occurred in Baltimore County on several occasions. Relative to these particular grants, Prince George's County has considered it, and they may in a number of limited instances, but they find that it can be more complicated than to simply demolish the structure.

MR. JAMES: I was talking with Parris Glendening. Is that his name?

GOVERNOR HUGHES: Yes.

MR. JAMES: He said if there is a basement, it's easier to remove than if there is no basement, and I don't know if that is right or not, but that's what he told me.

MR. GOLDSTEIN: I know each case has to stand on its own footing, but if they were advertised -- right here, in the city of Annapolis, they moved all of these colonial houses that were better than 175, or 200 years old, and I watched them move them.

MS. HUGHES: Sir?

MR. GOLDSTEIN: I say I watched them move them. Now, there may be some cases the economics wouldn't justify it, but I think it ought to be -- as a

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MS. HUGHES: Sir?

MR. GOLDSTEIN: I say I watched them move them. Now, there may be some cases the economics wouldn't justify it, but I think it ought to be -- as a

matter of policy, they ought to advertise it; and, you know, if they don't get any bids, fine, go ahead and knock it down, but with the shortage of housing all over this state --

MS. HUGHES: As I said, we encourage them to consider it, but that kind of decision has been left up to the local jurisdictions, but we can certainly improve, or strengthen our encouragement.

MR. GOLDSTEIN: I don't think that's right to leave it up to the local -- the state of Maryland is putting up half of the money, aren't we?

MS. HUGHES: Sir?

MR. GOLDSTEIN: Aren't we putting up half of the money?

MS. HUGHES: Yes, sir.

MR. GOLDSTEIN: The easiest way is to knock the darn thing down; get a bulldozer, and push it down. That's very easy.

MS. HUGHES: And in many cases, it may be the most cost-effective way.

MR. GOLDSTEIN: Yes. I mean, like I say, each

case stands on its own footing.

MS. HUGHES: Yes, sir.

MR. GOLDSTEIN: Well, you see all of this money that's being spent to get these people out of these flood areas.

MS. HUGHES: Well, the average cost of demolishing a house is between four to \$6,000; and the cost to move a house, depending on the type of construction and where you're moving it to, may greatly exceed that.

MR. GOLDSTEIN: But the county wouldn't be doing it. It would be some buyer --

MS. HUGHES: Yes, sir.

MR. GOLDSTEIN: -- who would buy the house, and move it, and put it on his or her lot.

MS. HUGHES: And that has been done.

MR. GOLDSTEIN: It would save that four, or \$5,000. That wouldn't be the obligation of the county. It would be the obligation of the buyer, who buys the house, to move it.

MS. HUGHES: That has been done in some cases,

as I say!

MR. GOLDSTEIN: Well, I know it can be done. I had a house on the farm, and I advertised it; and in one day, I had ten people who wanted to buy it. The first guy that put the money up, I let him have the house, and he moved it about seven miles. He's living in it. So, I know it can be done, and I've seen the State Roads move many houses, too, but unless you have some kind of policy coming from the top, the easiest way is just to take a bulldozer and push it down.

MS. HUGHES: We can certainly have them evaluate each house, and indicate to us which ones may be --

GOVERNOR HUGHES: Well, why don't you adopt that as a policy --

MS. HUGHES: Yes, sir.

GOVERNOR HUGHES: -- on each house --

MR. GOLDSTEIN: That's right. That should be done.

GOVERNOR HUGHES: -- that it be evaluated, and --

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GOVERNOR HUGHES: -- on each house --

MR. GOLDSTEIN: That's right. That should be done.

GOVERNOR HUGHES: -- that it be evaluated, and --

MR. GOLDSTEIN: You'll probably save some money.

MS. HUGHES: Yes, sir.

MR. GOLDSTEIN: Just like developers come in and knock down all of the darn trees. Then they come back and plant them, and it takes a 100 years for a tree to mature. So, the easiest thing is to knock them down.

Okay. Thank you, Ma'am.

GOVERNOR HUGHES: Thank you. Item 14, if there is no objection, will be deferred.

MR. JAMES: And 15 is the same thing, isn't it, a deferral?

GOVERNOR HUGHES: Yes.

MR. NELSON: Yes.

MR. JAMES: I think they ought to confer with the Comptroller, and me, and maybe a representative of the Governor to try to get a better set of policies.

GOVERNOR HUGHES: Yes. 15 will also be deferred. And, Mike, we have some questions about these policy --

MR. NELSON: Okay.

GOVERNOR HUGHES: -- guidelines; and if you could arrange to meet with --

MR. NELSON: Yes, sir.

GOVERNOR HUGHES: -- the Comptroller and the Treasurer, and --

MR. GOLDSTEIN: Item 16.

GOVERNOR HUGHES: Item 16.

MR. NELSON: We have John Seyffert, who is the Director of the Maryland Environmental Service, who will make the presentation on this item.

MR. SEYFFERT: Good morning, gentlemen. I'm John Seyffert, Director of the Maryland Environmental Service.

The Service has before you today for review and approval a new agreement between the Allied Corporation and the state of Maryland for the use of Hawkins Point. The use of Hawkins Point as a disposal area will greatly facilitate the clean-up of Allied's 22-acre Baltimore Works site located in Baltimore City.

I'm prepared to go through a series of bullet items that would sort of bring us up-to-date as to why

we're here, and why there is a need for a new agreement, as well as to discuss the high points of the new agreement, if the Board would like.

GOVERNOR HUGHES: I think the main -- obviously, the main issue that we're concerned about, and I'm sure you are is the environmental issue.

MR. SEYFFERT: Yes, sir.

GOVERNOR HUGHES: You might address that.

MR. SEYFFERT: It might be useful if I just quickly go through these, and then I believe Mr. Deming has also done a comparison between the existing agreement and the new agreement, and will discuss the legalities.

Prior to my proceeding, I would like to just introduce John Quinn, who is the General Manager of the Chrome Chemical Division of Allied; Sam Bleacher from Frank, Bernstein, Conaway & Goldman, and Richard O'Connell, who are representing Allied. They're available to answer any questions about the Baltimore Works and any of the other issues.

Under a February, 1983, settlement agreement

between Allied and the state, Allied obtained exclusive rights to certain portions of Hawkins Point for the disposal of chrome ore refuse from the Baltimore Works. The estimated usable life equivalent was about seven years of disposal capacity.

Under this '83 agreement, Allied was responsible for all costs of operation until the facility was full. Once full, Allied would make a lump sum payment to the state of \$2,000,000, which would be used to defray all normal post-closure expenses and/or remedial operations. On February 14, 1985, Allied announced the closure of the Baltimore Works.

As a result of this closure, Allied is currently involved in an unprecedented clean-up and demolition effort involving the entire 22-acre Baltimore facility site.

Allied, in addition to complying with a federal court consent order, is currently involved in extensive discussions with both the State Health Department and the Environmental Protection Agency in respect to obtaining necessary approvals to begin the

demolition of the plant and clean-up of the site.

One of the key elements of the Allied plan is the disposal of contaminated demolition debris. Under the '83 agreement, the state felt that it was not obligated to accept demolition debris, but only chrome ore refuse from the active operation of the facility.

Both Allied and the state have agreed to negotiate, subject to the Board of Public Works' approval, a new agreement for the use of Hawkins Point to include receipt of demolition debris.

At Mr. Goldstein's request, a comparison has been made between the '83 agreement and the proposed agreement has been prepared by Mr. Deming and Mr. Brown of the Attorney General's Office.

The primary elements of the new agreement are that Allied obtains exclusive rights to the portions of Hawkins Point referred to as Area 2 and Area 3; that upon permit application and approval, Allied will pay to the State \$1,000,000; that Allied agrees to pay another \$1,000,000 as part of a tipping fee to be held by the Maryland Environmental Service through the post-closure

period for any necessary remedial action. Any funds remaining after the post-closure will revert to the state.

Allied will pay all expenses and will post all required security for the facility. Allied is directly responsible not only for the cost of the design, construction, and operation of the facility, but also for the costs incurred during the 30-year post-closure period. All final designs must be approved by both MES and Allied. Allied is responsible for the transportation of all waste.

MES shall, upon delivery of the waste, accept title and responsibility for its handling, treatment, storage and disposal, including the emplacement of such waste in a disposal cell; that MES is responsible for post-closure monitoring, maintenance, corrective actions or measures, and liability for conditions at or around the site. Allied shall be responsible for those actions caused through willful misconduct of Allied, its officers, agents and employees.

Upon the effective date of this agreement, the

state shall be released from all prior disposal capacity obligations, and the final primary point is that, under this agreement, there is no warranty, or representation as to the permitability of the property for disposal of acceptable waste. All required permits must be obtained through the Department of Health and Mental Hygiene and the Federal Environmental Protection Agency.

MR. GOLDSTEIN: Can I ask a question right here? I think you made a statement that MES has the responsibility for putting all of this material in these cells, is that correct?

MR. SEYFFERT: That's correct, sir. MES will operate the facility, as we've done in the past.

MR. GOLDSTEIN: How much is that going to cost? In other words, Allied is putting up initially \$1,000,000, after all permits and all cases are settled.

MR. SEYFFERT: All the costs involved in operating this facility will be borne by Allied. MES will be under contract to Allied.

MR. GOLDSTEIN: Allied is going to pay their salaries, and all of the expenses from the day you start

dumping this debris, along with the tipping fee --

MR. SEYFFERT: From the day we start the permit application process for that job, yes, sir. No expense to the state.

MR. GOLDSTEIN: And then they pay another \$1,000,000 for the \$20 per ton.

MR. SEYFFERT: Yes, sir.

MR. GOLDSTEIN: 1,000,000.

MR. SEYFFERT: Yes, sir.

MR. GOLDSTEIN: That's \$2,000,000.

MR. SEYFFERT: Yes, sir. That's over and above all of the costs operating, and monitoring, and maintaining the facility.

MR. GOLDSTEIN: All right. Now, then, for 30 years, you all have to watch it --

MR. SEYFFERT: Yes, sir.

MR. GOLDSTEIN: -- to see that anything doesn't seep out into the Patapsco River.

MR. SEYFFERT: At their cost.

MR. GOLDSTEIN: Sir?

MR. SEYFFERT: At their cost.

MR. GOLDSTEIN: Okay. What happens after 30 years?

MR. SEYFFERT: Well, hopefully, at the end of 30 years, the site will be stabilized.

MR. GOLDSTEIN: Well, suppose it's not stabilized? Suppose it leaks like up there in Niagra Falls, and all of these places around Missouri, and --

MR. SEYFFERT: The state will -- MES will have that \$1,000,000 after the post-closure period that it will have in an escrow account for the use and work on this facility. So, it will be --

MR. GOLDSTEIN: Well, now, is that \$1,000,000 going to be invested? So, it will probably be --

MR. SEYFFERT: Oh, yes, sir.

MR. GOLDSTEIN: -- if that stayed in escrow.

MR. SEYFFERT: Yes, sir.

MR. JAMES: What happens --

MR. GOLDSTEIN: Pardon?

MR. JAMES: What happens to the first 1,000,000?

MR. GOLDSTEIN: Pardon?

MR. JAMES: What happens to the first 1,000,000? Does that go into the general treasury?

MR. SEYFFERT: The first 1,000,000 is your call, sir. You know, it comes to the state.

MR. GOLDSTEIN: Well, I think, now -- what does it cost you a day now to get rid of that run-off water?

MR. SEYFFERT: The leachate that's being removed from the old MPA cell is about \$170,000 a year, and we're removing about 800,000 gallons a year.

MR. GOLDSTEIN: \$170,000 a year.

MR. SEYFFERT: Yes, sir.

MR. GOLDSTEIN: Well, see, in six years, that's over a \$1,000,000.

MR. SEYFFERT: Well, part of the -- part of one of the benefits out of this project is that this facility will, in fact -- a portion of it will sit over a portion of the MPA site, which will eliminate about 44 inches of rain from permeating that cell each year. So, it should present a significant reduction in that amount of leachate. So, it should be a site that --

MR. GOLDSTEIN: Well, suppose it doesn't? Suppose the fact they're putting this stuff all over top of the material now in that cell --

MR. SEYFFERT: Yes, sir.

MR. GOLDSTEIN: -- has an increase in the amount of leachate?

MR. SEYFFERT: Well, the best engineering judgment is that won't happen, but the state continues -- regardless of what happens, the state continues to be responsible for the MPA cell.

MR. GOLDSTEIN: Well, the reason I'm asking you these questions is I've been around here a little while, you know, and we had the same testimony that the state of the art was so good when you put that stuff in that cell back in '83, or '84; it would never leak out; everything was just lovely. Senator James and I went up there and looked at it. Do you remember that?

MR. SEYFFERT: Yes, sir, I sure do.

MR. GOLDSTEIN: And we started asking questions. You had these wells, is that correct? -- and it started leaking. And you made the same statement

you're making here today: the state of the art is so good, it will never leak.

MR. SEYFFERT: Well, the MPA cell that we're referring to is a cell that was constructed in the late '70's.

MR. JAMES: I don't think this gentleman --

MR. SEYFFERT: It was not this cell 40 hazardous waste cell.

MR. JAMES: I don't -- were you there when we made that --

MR. SEYFFERT: Not the first tour, no, sir. I was there for the second.

MR. GOLDSTEIN: He was there on the second tour.

MR. JAMES: It might have been the second tour, but I don't think we ought to blame him for --

MR. GOLDSTEIN: I'm not blaming him. I'm not blaming him at all because he wasn't here back in '70.

MR. JAMES: He's a victim.

MR. GOLDSTEIN: He wasn't here in '70.

MR. SEYFFERT: That's right.

MR. JAMES: No.

MR. GOLDSTEIN: He wasn't here in '70, but I have a keen memory on this particular project because it moves a lot of people out of their homes and causes a lot of confusion, and I've caught a lot of hell about it.

MR. JAMES: Yes.

MR. GOLDSTEIN: So, I'm just asking the same question, if you don't mind.

MR. JAMES: Oh, no, go ahead.

MR. GOLDSTEIN: I'm just trying to --

MR. JAMES: I just don't want you to --

GOVERNOR HUGHES: You have to distinguish between the first cell and the later cell.

MR. SEYFFERT: Yes, sir.

MR. GOLDSTEIN: That's right.

GOVERNOR HUGHES: I have some familiarity with the second one.

MR. GOLDSTEIN: In other words, the other guy who told us that, he's not here. So, he's --

MR. JAMES: Well, that's my only point.

MR. GOLDSTEIN: I'm not condemning him. I'm just asking him questions to get the record straight so we'll know what we're doing. He won't be here 30 years from now. Somebody else will be here suffering about this proposition.

GOVERNOR HUGHES: I'm not sure you won't be here.

(Laughter.)

MR. GOLDSTEIN: I thank you for the compliment.

(Laughter.)

MR. GOLDSTEIN: I love to work, and I like a challenge, man. I thrive on a challenge every day.

MR. SEYFFERT: Yes, sir.

MR. GOLDSTEIN: So, we're just trying to get it into the record what we're going to be doing here today because I want to see that Chesapeake Bay protected. If I ever have any grandchildren --

MR. SEYFFERT: Yes, sir.

MR. GOLDSTEIN: -- or great grandchildren, they can go down and walk on that old shore, and pick up

those good oysters, and take a little knife and open them up; eat some nice soft-shelled crabs; get that old rockfish back in there. It would be great.

MR. SEYFFERT: Well, I agree a 100 percent.

MR. GOLDSTEIN: And we're trustees. We're trustees; not for this generation. We're trustees here today for future generations, and I've looked around the country and seen what happened up there in Niagra Falls, what happened in Missouri, and I've talked to people in the different chemical businesses, and a lot of things can happen. I just want to be sure what we're doing here today is the right state of the art, and we're going to protect that Patapsco River right there at the mouth where it disposes into the great Chesapeake Bay, and be sure that water is clean so kids can walk out there and take a swim like I've done. Hell, I used to swim in the Baltimore Harbor when I was a dead-end kid over in East Baltimore. It never killed me. I probably got some of those trace elements that maybe fortified me. I don't know. That water wasn't too clean, I can tell you. It's much cleaner today than it was back in

those days.

MR. SEYFFERT: Yes, sir. I don't disagree.

MR. GOLDSTEIN: Thank you.

MR. SEYFFERT: All right. Would you like Mr. Deming to review his --

MR. GOLDSTEIN: I think so.

MR. SEYFFERT: -- document that he submitted to you earlier?

MR. GOLDSTEIN: I think, Governor, we ought to get this for the record. Okay. Thank you, sir.

MR. DEMING: Good morning. I'm Thomas Deming, counsel to the Department of Natural Resources.

What we prepared for the members of the Board of Public Works was a brief summary of the pertinent points of the proposed agreement that is before you, comparing them to the agreement that was approved in 1983; and I would just like to hit some of the points.

I think Mr. Seyffert has covered a few of them, but, basically, the notion was to use the working approach of the 1983 agreement as a basis for the present proposed agreement; and like the 1983 agreement,

the proposed agreement would have MES as the operator of the site, as an agent of Allied, and Allied bearing all expenses, as Mr. Seyffert mentioned, of permitting, constructing, operating, closing, and post-closure of the site. Post-closure of the site presently is a period of 30 years, but that is a concept that is defined by federal regulatory requirements. Should those federal regulatory requirements extend the post-closure period, then Allied's responsibility and MES's responsibility would likewise be extended.

Now, I think it's important to point out that unlike the 1983 agreement, the proposed agreement before you would finally release the state from any obligations left over from that 1967 agreement to take chrome ore refuse from the old Baltimore Works site. We're talking about a new agreement here. It was our recommendation to MES that the state is not under any obligation to receive the demolition debris from the dismantling of the Baltimore Works. I must say, in frankness, that counsel for Allied disagreed with that, but we have basically adopted an agreement here, which does put us

on new footing. So, the state would be released from all obligations under that prior agreement, and MES would undertake to construct this facility at Hawkins Point; and if permits could not be obtained to construct the facility at Hawkins Point, MES will assist Allied in locating another site in Maryland, and in getting permits, and constructing the same, but that is an undertaking of this agreement rather than an obligation left over from those earlier agreements.

The comparison on most of the provisions of the agreement dealing with costs are the same. As I indicated, like the 1983 agreement, Allied will bear all costs, as Mr. Seyffert has indicated, including the cost of construction, insurance, et cetera. I think we have improved on the 1983 agreement with the provision for a remedial fund, which is to be established through the tipping fee of \$20 a ton up to \$1,000,000. That money will then remain on account bearing interest, and will be available to MES in consultation with Allied to be used for any remedial actions that prove necessary under any federal, or state laws; and I should point out that

that will include any remedial actions, which prove necessary from any disposal of chrome material at that site since July of 1975. So, if we have some disastrous consequence of those earlier disposals, that fund is available to address that, as well.

And, finally, Treasurer James asked me about indemnity, and MES does agree to indemnify Allied for the work that MES undertakes. MES will be responsible for any negligence, or fault that was attributable to MES, but there is a provision in the agreement, Section 7 -- I'm sorry, 604(b) -- in which Allied expressly agrees that the indemnity provision shall be paid solely from funds available from the proceeds of insurance, or funds provided therefore, or subsequent to the date of this agreement in accordance with the state budget. So, this agreement does acknowledge that this indemnity is subject to the availability of funds through the insurance, or the state budget process.

MR. JAMES: And it also says that, basically, they would be suing the Board of Contract Appeals. I mean, in essence, it says that, which I don't object to

that because even if you didn't have it in there, they could do it. So, I think that clause is what I wanted.

MR. DEMING: That covers it, right?

MR. JAMES: Yes.

GOVERNOR HUGHES: I don't know whether you, or Mr. Seyffert should answer this question, but is it thought that it would be no problem getting insurance?

MR. DEMING: I think Mr. Seyffert can better answer that than I can.

MR. SEYFFERT: I think it probably could be difficult to get insurance. We've found historically that over the past two, or three years, it's very tough to get environmental agreement liability policies any place in the country.

MR. GOLDSTEIN: I think Mr. Quinn from Allied could answer that question. It's a very responsible company. It's a multi-billion dollar corporation. Maybe they can put up a corporate bond.

MR. QUINN: Yes, sir, we have had difficulty getting insurance, as Mr. Seyffert just mentioned. In that instance, we fundamentally are self-insured.

MR. GOLDSTEIN: You're self-insured.

MR. QUINN: We secure coverage through Traveller's; and then, obviously, we turn around and pay Traveller's. It's a form of self-insurance, and we would likely have to do that again, if the situation arose.

MR. GOLDSTEIN: Well, do you have any objection to putting up some kind of a bond, or self-insurance?

MR. QUINN: Well, I think we fundamentally agree that if MES, or the state had difficulty obtaining insurance, that we would provide a back-up.

MR. GOLDSTEIN: And will this agreement -- suppose your company sold to some German outfit, or some English outfit like they're over here buying up everything, or some Japanese company, will they be responsible under this agreement?

MR. QUINN: I believe, under the contract, we would still be obligated.

MR. DEMING: Mr. Comptroller, the provision that Mr. Quinn is referring to states that if MES is

unable to obtain the insurance coverage required by this section, Allied will use all reasonable efforts to obtain such insurance coverage to provide the necessary protection and meet the applicable federal and state regulations and permit conditions. Of course, the insurance is a requirement of the regulatory system. So, if you don't -- if nobody is able to get the insurance, then the site will have to be shut down.

GOVERNOR HUGHES: You don't get the permit.

MR. GOLDSTEIN: And will this bind their successors? Suppose Allied sells out now? You see this happening every day in the big chemical companies.

MR. DEMING: Yes.

MR. QUINN: -- in case somebody succeeds us.

MR. GOLDSTEIN: In other words, your successor and their successor will be responsible, and that's in the contract.

MR. DEMING: Yes.

MR. GOLDSTEIN: And you agree to that, Mr. Quinn?

MR. QUINN: Yes, sir.

MR. GOLDSTEIN: I just want to be sure we've got everything in there.

MR. DEMING: Yes, sir.

MR. GOLDSTEIN: Yes, sir, because there is no use locking the door after the horse is stolen.

GOVERNOR HUGHES: I know that the permits haven't been issued, but you have had consultations with the Department of Health and Mental Hygiene with regard to this project, haven't you?

MR. SEYFFERT: Allied has had extensive conversations with them.

GOVERNOR HUGHES: Well, I think DNR has, too, if I'm not mistaken.

MR. SEYFFERT: Yes.

MR. DEMING: Yes.

GOVERNOR HUGHES: All right.

MR. DEMING: Obviously, the regulatory agencies can't give you --

GOVERNOR HUGHES: I know.

MR. DEMING: -- pre-approval --

GOVERNOR HUGHES: I understand that.

MR. DEMING: -- but they're aware of what is proposed here.

GOVERNOR HUGHES: And there's not much alternative, is there?

MR. SEYFFERT: No, sir.

GOVERNOR HUGHES: Or a good alternative.

MR. SEYFFERT: The net gain for the Baltimore Works is very positive. We're cleaning up a very troublesome site, and we're providing the mechanisms to clean up that site. We have an existing facility. It's the most cost-effective to use the facility we have.

GOVERNOR HUGHES: Well, you're taking the facility that's on the water that is an environmental problem, and putting it in a site that's also on the edge of the water, but is a better environmental environment.

MR. SEYFFERT: Yes, sir, it's probably the most ultimately controlled and monitored site on the entire Bay.

MR. GOLDSTEIN: You made a statement that in the event that the permit people wouldn't give them a

permit to put the debris, that you would have to locate another site. Do you have anyplace in mind?

MR. SEYFFERT: No, sir -- MES will use their best efforts to try and locate another site someplace else in the state, but we have not --

GOVERNOR HUGHES: That would be difficult.

MR. SEYFFERT: -- we have not started the search.

MR. GOLDSTEIN: That's the reason I'm asking the question, Governor. I just want to be sure they're not going to bring it down to Calvert County.

(Laughter.)

MR. JAMES: You don't want to create a riot, do you?

MR. GOLDSTEIN: No, sir. Well, that's the reason I'm asking the question.

GOVERNOR HUGHES: Well, it's my understanding that Allied has been making efforts over some time to -- and maybe they can respond to this -- to find a place to dispose of this property.

MR. QUINN: Well, we had many years ago looked

at a number of --

MR. GOLDSTEIN: Excuse me. Do you want to come up here, and give your name and title? I think it would be a good idea.

MR. QUINN: My name is John Quinn. I'm the General Manager of Allied Signal's quality chemicals business in the Inner Harbor, Baltimore, site.

Some years ago, we had looked at alternative waste disposal sites before locating Hawkins Point and developing Hawkins Point as we know it today. That has not been an ongoing activity in recent years. We've focused on ways to minimize waste, alter the waste through technological changes, and, of course, to treat the waste to render it non-hazardous. Fundamentally, we are looking at the sole site that would be suitable for waste disposal in the state, and that is Hawkins Point. I think we would have to begin anew to look at alternate property within the state; and, of course, it was conceived that that would be a joint effort with MES, if it was necessary. Other than that, the alternative potentially could be out of state sites in places like

South Carolina, Ohio, Michigan -- quite far removed from this area; and, of course, the risk there is in transportation -- logistics -- and here, of course, we have a model fill that is state of the art technology, and very carefully operated and monitored.

GOVERNOR HUGHES: Any further questions?

MR. JAMES: No.

MR. QUINN: Okay. Thank you.

GOVERNOR HUGHES: Thank you, Mr. Quinn. Thank you, John.

MR. JAMES: I just think this is probably as good a solution as we can get for cleaning up that property that is now occupied by Allied to make it available for a constructive type of industry. This program is not without some risks, but I think they've been minimized, and it solves many of the controversies we've had with Allied for many years. I think it's worth the effort. I move we approve it.

MR. GOLDSTEIN: I second the motion with the understanding that we've had all of the information put in the record here for the future; just to be sure if

anything happens, they will take care of it. It's my understanding of this presentation here this morning that they will be responsible. So, I second the motion.

GOVERNOR HUGHES: Well, I agree with everything that has been said. So, all in favor of the motion, signify by saying "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: All opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. Item 16 is approved.

MR. GOLDSTEIN: My next one, Governor, is Item No. 25, the Maryland Food Center. You got one ahead of that, Bill?

MR. JAMES: No, but I just want to comment that we have Items 17 through 24, which appears to me to put about 1400 acres of land in Maryland under environmental protection, and it seems to me that we've got a wonderful result of the activities of the Maryland Environmental Trust. I think it's certainly a very economical operation of state government.

GOVERNOR HUGHES: (Nods head affirmatively.)

MR. GOLDSTEIN: Yes, sir.

GOVERNOR HUGHES: You said about 1400 acres?

MR. JAMES: I just added them up mentally.

GOVERNOR HUGHES: 25?

MR. GOLDSTEIN: Yes, sir, Governor, unless Bill has one ahead of that.

MR. JAMES: No, no, no.

MR. GOLDSTEIN: Governor, we've got Mr. Darnall coming up to the podium. That's the Maryland Food Center ground lease between the Authority and CFS Continental, Incorporated, who are successors to the --

MR. DARNALL: Good morning. My name is Don Darnall. I'm the Executive Director of the Maryland Food Center Authority.

Item 25 is before you today for your review and approval. It's for a lease agreement between CFS Continental, Inc. and the Maryland Food Center Authority. The lease is for a term of 40 years. The minimum lease period is for ten years, at which time CFS

Continental, provided it meets certain construction requirements, would have the opportunity to purchase at the ten-year mark, and every subsequent five-year period after that. For the first five years, we have -- the lease rental is based on a fixed fee charged at the prime interest rate, not to go below seven percent and not to exceed 12 percent; 47,000 an acre for the first five years, and 49,000 an acre times the prime interest rate for the second five-year period of time.

MR. JAMES: Is there an option to buy in here?

MR. DARNALL: Yes, sir. At the ten-year period of time, provided that Continental builds at least 300,000 square feet on the site, they would have the option to buy at the ten-year period of time.

MR. JAMES: Is that just to improve the valuation of the land?

MR. DARNALL: At that particular time, what will happen is we will get a fair market value on the improved site and back out the site improvements, and they will pay us for -- the site is currently unimproved, and we came up with a ratio of unimproved

land to improved site land, and that will ratio would be used to calculate the fair market value at the ten-year mark.

MR. GOLDSTEIN: Well, Mr. Darnall, maybe it wouldn't hurt to put in the record how many new jobs in this new facility by expanding. This was the Smelkus Corporation who sold out to this Continental group. How many new jobs will be created with this new addition?

MR. DARNALL: Well, Continental is a current tenant of the Food Center; and because of particular growth projections, they anticipate additional land in order to operate in the Food Center. If we were unable to accommodate them, we would lose -- immediately, we would lose approximately 360 jobs. By being able to accommodate them, we will be able to retain not only the 360, but they're anticipating their growth to exceed by 100 for that particular site, which, for this particular type of development, is extraordinarily high. They are a very labor-intensive organization, and they represent a national firm, and have a significant positive economic impact on the state.

MR. GOLDSTEIN: And you will bring in a new spurred CSX railroad?

MR. DARNALL: Yes, sir. This particular agreement requires us to place adjacent to the property a rail spur, which will not only serve their particular piece of property, but a property immediately adjacent to it, which the Authority intends to use for its own developmental purposes.

MR. GOLDSTEIN: Will that create a use for that new freezer unit you were talking about?

MR. DARNALL: Yes, sir. The particular demand that CFS Continental will place on the park will certainly supplement the already existing demand for cold storage and other related market type facilities.

MR. GOLDSTEIN: Governor, this has been looked into very thoroughly. Earl and I both serve on the Maryland Food Center Authority. It's been under discussion for quite a while. I move that we approve this agreement.

MR. JAMES: What is the spur going to cost, Louis? Do you have any idea?

MR. GOLDSTEIN: The spur is built by us, and we get the money back, based on the number of carloads of material, or merchandise that is brought into the facility. That's how we got the railroad built initially. He can give you the price figure on it.

MR. DARNALL: Yes. We estimate the price to be approximately 70, \$80,000, depending on when it's constructed within the next 18-month period of time.

MR. GOLDSTEIN: See, they already have the main line there. Now, they build the spur. Not only will it accommodate this, but it will create another property that can be used for a cold storage unit, and we already have a very prominent company that wants to buy, or lease about 15 acres for that purpose.

MR. JAMES: I'll second the motion.

GOVERNOR HUGHES: It's been moved and seconded that Item 25 be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item

is approved.

MR. DARNALL: Thank you.

MR. GOLDSTEIN: See, this project don't cost the taxpayers anything. It creates money. It creates jobs. We've got our legal counsel here; Mr. Cohen is here. I wish we had more projects like this in the state.

MR. MCGINTY: Before we move on, I've just been given a note from the Department of Natural Resources that they wish to withdraw Item 19, page 36, which is one of the Maryland Environmental Trust conservation easements.

MR. NELSON: The Director is here today. He just said there has been some problems working out the language in the conservation easement, and he would prefer to withdraw it today.

GOVERNOR HUGHES: No. 19?

MR. MCGINTY: 19, yes, sir.

MR. GOLDSTEIN: Withdrawn.

GOVERNOR HUGHES: -- Bill, in your 14.

MR. JAMES: Yes, well, that cuts it down to

1350.

MR. GOLDSTEIN: Are you having any trouble with the IRS on these?

MR. NELSON: Bob? This is Bob Beck. He is the Director of the Maryland Environmental Trust.

MR. GOLDSTEIN: Maybe he can answer my question. I know in one case -- I won't mention the name -- but the IRS refused to approve the -- I think the man -- I know he had two appraisals. Then he had it reappraised; and I thought the appraisal was so ridiculous, it was pathetic. And we, in the state -- because I wear two, or three different hats -- I approved the appraisal that they had, and they gave him the tax break. But are you having trouble with the IRS on these parcels?

MR. BECK: I'm aware of that particular case; and, in fact, I understand that it will be a policy of the state of Maryland to take an independent look at the individual appraisals --

MR. GOLDSTEIN: That's right.

MR. BECK: -- and not categorically agree with

the IRS figures.

MR. GOLDSTEIN: That's exactly right because we are on the scene, and we know the appraiser, and we know the property; whereas, they bring in somebody from out in the West -- Chicago, or Illinois -- that has no more knowledge of the land values in Maryland than the man up in the moon.

MR. BECK: I will be writing a letter to you asking if that policy can be put in writing so that we can refer it to other donors who find themselves in the same situation.

MR. GOLDSTEIN: We would be very happy to. Governor, this particular property is one of the most historic properties in our state. It's been well preserved, and they gave this easement to the state, and had good appraisers appraise it, and the IRS refused to recognize the appraisals. It came to my attention when they wanted to increase the taxes, and I went and looked at the property, looked at the appraisals, and we agreed in the Income Tax Division to recognize the appraisals made under their supervision, and give the tax break.

MR. BECK: And I understand that would be done on a case-by-case basis.

MR. GOLDSTEIN: Yes, sir. If you'll write to me, or George Spriggs, and maybe you can suggest the language that you think would be good, and remark on that --

MR. BECK: Sure. I think that would be very helpful for donors under audit.

MR. GOLDSTEIN: -- so there won't be any problem about the language. Just put right down in clear country language. Don't put it in legal language --

MR. BECK: That's easy for me to do.

MR. GOLDSTEIN: -- so when people read it, they'll be able to --

MR. BECK: I'm not an attorney.

MR. GOLDSTEIN: I know. Well, if you get lawyers to write it, or accountants to write it, sometimes it gets to be so complicated that people get kind of, you know, bewildered, and scared to even think about giving an easement.

MR. BECK: Okay.

MR. GOLDSTEIN: You won't have a problem in our office.

MR. BECK: Fine. I'll do that.

MR. GOLDSTEIN: This is a good program, I think. It's one of the best programs we've got in the state.

Governor, we've got three items on here -- Items 28, 29, and 30 -- that the bonds have not been sold, as yet.

Bill, what do you think we ought to do with those?

MR. JAMES: Well, we can handle these through that appropriation that was --

MR. MCGINTY: Two, I think, can be handled through that.

MR. JAMES: You know, we have \$4,000,000 available, I understand from Dr. Stettler; and so long as they're not state agencies, why, we can handle it from that source.

MR. MCGINTY: But I'm not sure No. 30 can be

handled through that.

MR. JAMES: Well, probably not. A couple of them can be handled.

MR. MCGINTY: Queen Anne's County Jail Loan. The other two can be handled with no problem.

MR. JAMES: Queen Anne's.

MR. GOLDSTEIN: 28, I went out and looked at 28, and that's a beautiful facility. Have you ever been out there, Bill, Saint Vincent's Center?

MR. JAMES: No. No. No, I haven't.

MR. GOLDSTEIN: I went out there and spent two, or three hours going through that project. It's very impressive.

MR. JAMES: We have a couple of these jail loans. I don't know exactly how pressing the need for funds is, but they'll have to spend their own money first -- their money first. So, we've got to make a decision as to whether we're going to have a bond issue in February, or whether we're going to postpone it until June because we have a lot of -- a good bit of money in capital funds right now. Hopefully, it should be

postponed until June. I think we can work it out. What do you think, Doctor?

MR. GOLDSTEIN: But 29 and 28 will be no problem.

MR. STETTLER: I think we can, certainly. We can.

MR. JAMES: Yes.

MR. GOLDSTEIN: Okay. Governor, Item 32, page 60, that was taken up while you were away. That's that escrow agreement for the Greater Baltimore Hospital.

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: We released the mortgage, and we now have securities that will produce the interest and principal to pay off our loan. Maybe we ought to have a -- I'm going to move we approve it.

MR. JAMES: I second the motion on approval of 32 -- Item 32.

GOVERNOR HUGHES: It's been moved and seconded that Item 32 be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. Item 32 is approved.

MR. JAMES: I had to read this No. 33 two, or three times before I decided to agree with the Assistant Attorney General, but I think she is probably right.

MR. MCGINTY: I think the Secretary of State Planning actually drafted that amendment to this bill for Tissue Banks.

MS. LIEDER: Yes, we did.

MR. JAMES: Have you noticed how well-dressed the Comptroller is today? I put on some pretty good clothes myself, but then when I looked at him, I realized I was second. Maybe I'm third.

GOVERNOR HUGHES: You might be third.

(Laughter.)

MR. GOLDSTEIN: If I told you how old this suit was, you would laugh. You get in this room here, and it gets so hot.

MR. JAMES: The collar, I like your collar.

MR. GOLDSTEIN: I've been wearing this shirt

for years. You never know who you're going to meet. I dress for the occasion.

MR. MCGINTY: (Inaudible.)

MS. LIEDER: Yes, the -- was not a -- the expenditure was not a condition.

MR. MCGINTY: Condition.

MS. LIEDER: Right. The agreement -- they can't do a Tissue Bank until they have that agreement, but they can use the money and do everything, but that.

MR. GOLDSTEIN: It's a very important, I think. It's very important.

MS. LIEDER: Oh, absolutely, yes; and there was a controversy at the time that it came in because there was disagreement between them and the University of Maryland, and we put that in there so that until that controversy was resolved, they could --

MR. GOLDSTEIN: Have they resolved it now?

MS. LIEDER: They're closer than they were. I think there is just one issue outstanding needing an agreement between them.

MR. GOLDSTEIN: I move we approve the

Secretary's Agenda with the exception of those items previously approved and withdrawn.

MR. JAMES: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the Secretary's Agenda be approved with the exception of those items previously acted upon, or withdrawn. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. So approved. Open Spaces.

MR. JAMES: How does the appraisal on 9A look to you?

MR. GOLDSTEIN: 9A?

MR. JAMES: Have you seen the property?

MR. NELSON: I haven't seen this particular property, but I know it to be in a portion of Prince George's County as you go towards Washington, and there is a shopping center --

MR. JAMES: No, this is Queen Anne's, Mike.

MR. GOLDSTEIN: He is talking about 9A.

MR. NELSON: Queen Anne's is 9A?

MR. JAMES: I'm talking about 9A.

MR. NELSON: No, I haven't seen it, but it's across from an old ballpark down at Love Point towards the Bay.

MR. JAMES: Is it waterfront?

MR. NELSON: No, sir, it is not waterfront.

MR. JAMES: Well, I think we ought to take a look at that one. That's \$10,000 an acre. It sounds like a lot of money to me.

MR. GOLDSTEIN: Well, see, we got a good deal when we bought that tract of land on the right. Well, it's on the left as you come across the Bay Bridge.

MR. JAMES: Yes.

MR. NELSON: We'll be willing to withdraw that, and take a look at it, and bring it back.

MR. JAMES: Well, it wouldn't hurt anything.

MR. NELSON: No. We certainly have no problem with that.

GOVERNOR HUGHES: Why don't we just -- do you

want to withdraw it, or just defer it?

MR. JAMES: Why don't we just defer it?

MR. NELSON: That's fine.

GOVERNOR HUGHES: We'll defer it until the next meeting.

MR. NELSON: Okay.

GOVERNOR HUGHES: With no objections, Item 9A will be deferred.

MR. JAMES: Well, that's all I have.

MR. MCGINTY: Is 5A being approved?

MR. GOLDSTEIN: Yes. Nobody is here.

MR. MCGINTY: Because Delegate Littrell is coming by my office, and he wants --

MR. SWANN: He's coming over this afternoon.

MR. GOLDSTEIN: Is he for it, or against it?

MR. SWANN: He's for it.

MR. GOLDSTEIN: I would think so.

MR. SWANN: Yes, he's very much for it, but he wants to come over and testify in case it's needed.

GOVERNOR HUGHES: Who?

MR. SWANN: Littrell.

GOVERNOR HUGHES: Littrell.

MR. SWANN: That's George.

MR. GOLDSTEIN: I move we approve the Open Space Program with the exception of Item 9A, which has been deferred.

MR. JAMES: I second it.

GOVERNOR HUGHES: It's been moved and seconded that the Open Space Agenda be approved, except for the item deferred. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is so approved -- I mean, the Agenda is so approved. Budget and Fiscal Planning.

MR. GOLDSTEIN: Can we have some input on this Item 1-S?

MR. JAMES: Well, we had a long dissertation from the Public Service Commission counsel, didn't we?

MR. STETTLER: We had a number of long dissertations on basically this same program.

MR. JAMES: I really think that maybe that ought to be attached to this thing so we have the explanation in the record.

MR. STETTLER: All right. Well, we'll get an explanation put in the record.

MR. JAMES: Apparently, it involves the natural gas program, which is all tied up with long-term contracts of public utilities with federal law, which is in litigation as to how much power the Federal Power Commission, and whether their rulings are within the law, and that kind of thing. It's a very complex legal situation, and I think they're trying to protect the consumer here in Maryland from exploitation of these long-term contracts, as I recall.

MR. STETTLER: I can get that put into the --

GOVERNOR HUGHES: Those things where even if you don't take the gas, you've got to pay, and that sort of thing?

MR. JAMES: It's incredibly complicated.

MR. STETTLER: This has been a long proceeding, or a series of proceedings. I believe, you

know, Jack Kane, when he was People's counsel, spent an enormous amount of time on this.

MR. JAMES: That's a lot of money.

MR. SWANN: I had a lady call me yesterday from the Public Service Commission who said she would be here today.

MR. STETTLER: Merle Goldman is here, if you would like to have an explanation, but she is the Administrator. Merle?

MR. JAMES: We received a long explanation of why we need these services maybe six months ago -- maybe a year ago -- and I think it would be a good idea to furnish us with that so we can put it in the record. Are you familiar with that?

MS. GOLDMAN: Yes.

MR. JAMES: It's a lot of money here, though. Is this for one year of services?

MS. GOLDMAN: This is for one year of services.

MR. JAMES: You don't really have much information here.

MR. GOLDSTEIN: Excuse me. Do you want to give your name and title, please, Ma'am?

MS. GOLDMAN: Yes. Merle Goldman. I'm the Administrator for the Office of the People's Counsel.

MR. GOLDSTEIN: Could you speak up a little bit?

MS. GOLDMAN: Merle Goldman. I'm the Administrator for the Office of the People's Counsel.

MR. GOLDSTEIN: Right.

MR. JAMES: Well, all you have here is just a \$345,000 request with very little explanation as to how much you're paying the firm, why the services are needed, and that kind of thing.

MS. GOLDMAN: Okay. There was a justification sent down, but for some reason it wasn't included with this information.

This is an ongoing contract for work that People's Counsel began in 1983, as the result of the deregulation of natural gas; and as a result of the challenges that People's Counsel brought before the Court of Appeals, the Court of Appeals overturned the

rulings of FERC, which allowed FERC -- which allowed the pipelines to, in discriminatory fashion, sell natural gas to rate payers. What they did is they divided the market, and they allowed the commercial class of customers to buy natural gas that was purchased at the wellhead at market prices while the old gas that was produced at non-competitive prices was being passed onto the residential consumer, and this is -- this case has been ongoing. As I said, the result of the Court of Appeals' decision now requires that the residential class of customer be entitled to buy the same price of gas as the commercial customer.

MR. JAMES: You're talking about the Federal Court of Appeals?

MS. GOLDMAN: Yes. Yes. And the result of this order by FERC has resulted in savings to the residential class of customer of \$100,000,000 a year. So, we feel that the cost for these --

GOVERNOR HUGHES: In Maryland alone?

MS. GOLDMAN: In Maryland alone.

MR. JAMES: Well, now, how long is this

\$345,000 going to last? For what period does that last, and at what rate are they being paid? What rates are being paid?

MS. GOLDMAN: All right. There are four different levels of attorneys that are working on this case, and the rate goes from \$140 per hour for the highest paid attorney to \$55 to the lowest paid attorney. This is with a 15 percent discount to the Office of People's Counsel off their normal rate. They estimate that the number of hours that will be provided in this contract is 2800 hours.

MR. JAMES: What does that cover, a year?

MS. GOLDMAN: That's going to cover a year. We presume that this case is going to go probably to the U.S. Supreme Court because the pipelines are still trying to overturn the decisions of the Court of Appeals.

MR. JAMES: Well, that's the kind of information you really ought to have attached to the Agenda.

MR. GOLDSTEIN: That's right.

MR. JAMES: It's worthwhile litigation. If any litigation is worthwhile, then something -- thank you.

GOVERNOR HUGHES: Thank you.

MS. GOLDMAN: Okay.

MR. GOLDSTEIN: Thank you, Ma'am.

MR. MCGINTY: No. 5-S is being withdrawn at the request of the agency.

MR. GOLDSTEIN: 5-S withdrawn. 5-S, page B10. All right, let's see.

On Item 6-S, is this something new where the state goes down and hauls leaves in Montgomery County?

MR. NELSON: Yes, it does, and we have -- the Director of the Maryland Environmental Service was kind enough to stay around, and --

MR. GOLDSTEIN: I've never seen an item like this before.

MR. JAMES: It goes back to the new deal.

MR. SEYFFERT: Yes, sir. John Seyffert, Director of the Maryland Environmental Service.

MR. GOLDSTEIN: My question, sir, is is this

something new? Are you going to do this in Calvert County, Somerset County, Dorchester County, and Garrett County?

MR. SEYFFERT: Only if the counties hire us, sir. This is a contract that the Maryland Environmental Service has with Montgomery County where we're administering the hauling contract; and we are, in essence, composting the leaves at Dickerson, and then selling the leaf compost.

MR. GOLDSTEIN: Well, I mean, is this state money?

MR. SEYFFERT: No, sir, it's all Montgomery County money. That more rightly should probably be labeled as "special funds."

MR. GOLDSTEIN: Well, see, you don't have it here.

MR. SEYFFERT: That's correct.

MR. GOLDSTEIN: So, if anybody looked at this, they would think it was state money.

MR. SEYFFERT: This was not filled out as thoroughly as it should have been.

MR. GOLDSTEIN: As soon as I looked at this -- I mean, I paid a man -- let's see -- 70-some dollars to remove leaves on Monday and Tuesday, and last night. When I got home, I had to remove some darn leaves myself. I read this again; I said, "Man, this is a good program."

MR. SEYFFERT: Yes.

MR. GOLDSTEIN: Maybe we ought to get this all over the state of Maryland.

(Laughter.)

MR. JAMES: I let mine blow away.

MR. GOLDSTEIN: What?

MR. JAMES: I let mine blow away.

(Laughter.)

MR. GOLDSTEIN: Well, I do, too, but I --

GOVERNOR HUGHES: Your neighbors love you.

(Laughter.)

MR. GOLDSTEIN: I've got a swimming pool --

MR. JAMES: Oh, I see.

MR. GOLDSTEIN: -- that I had to dump all of the water out, and I cleaned it. I want to put my

bubble up, and the darn leaves come off of those oak trees and those poplar trees. Man, I'm telling you, the way that wind blew last night, and I just finished cleaning it up, and they're all back there again.

But, this is Montgomery County money?

MR. SEYFFERT: Yes, sir.

MR. GOLDSTEIN: And they're paying for the labor, and everything?

MR. SEYFFERT: They pay everything. They pay us to administer this contract.

MR. GOLDSTEIN: Well, can you get a modified copy to put it here. This here don't tell you a thing.

MR. SEYFFERT: Certainly. I certainly will.

MR. GOLDSTEIN: Anybody reading this would think the state of Maryland is doing this.

MR. SEYFFERT: Yes, sir, I agree with you.

MR. GOLDSTEIN: Montgomery County pays all of these expenses.

MR. SEYFFERT: Yes, sir.

MR. GOLDSTEIN: Okay. Thank you, sir. Boy, this is a good kind of program.

How about a little explanation of Item 7-S, page B13, the Health Department?

MR. LIBONATI: Joseph Libonati. I'm the Assistant Director of the Laboratories Administration.

This is a procurement to automate the Laboratories Administration. It's phased in over five years. The information on your desk is for the first year with the projected costs for the five years.

MR. GOLDSTEIN: What kind of specimens are you talking about, "registration of specimens"?

MR. LIBONATI: We're talking about clinical specimens, gonorrhoea testing, syphilis serology, Chlamydia testing, and we're also talking about samples, environmental testing samples -- anything dealing with environmental testing.

MR. GOLDSTEIN: I see. Well, what gets me is you've got a five-year cost here of 455,204, and then you got down here the amount is 205,000.

MR. JAMES: That's phase one, isn't it?

MR. GOLDSTEIN: Sir?

MR. JAMES: Phase one.

MR. LIBONATI: That's right. Phase one is 205,000.

MR. GOLDSTEIN: I see. It's four for the total number of years. I get you.

"This installment purchase contract is 6.76."

Dr. Stettler --

MR. STETTLER: We'll try and fold that in.

MR. GOLDSTEIN: Sir?

MR. STETTLER: We'll try to fold that in.

MR. GOLDSTEIN: See, that was my next -- I put it in red. How much higher is this than what you'll paying?

MR. STETTLER: It's a little bit higher. We'll probably fold that into regular --

MR. GOLDSTEIN: Don't you think we ought to have some kind of policy with all of these different agencies before they enter into these contracts?

MR. STETTLER: Well, the bid that you will be considering later includes the facility at -- so that each year, when they come due -- when these come in, we can then use the facility -- the contract -- the

statewide contract to finance these, as opposed to using the vendor provided financing, or some other third party.

MR. JAMES: It's amazing how many specimens they process. It says up to 5,000 a day. That's incredible, isn't it?

MR. LIBONATI: That's correct. We do handle a very large amount of work.

MR. GOLDSTEIN: They come from all over the state?

MR. LIBONATI: That's counting all of our branch laboratories, yes.

MR. GOLDSTEIN: Right. They come from all over the state.

MR. JAMES: What would you be testing: tissue, and water samples, and things like that?

MR. LIBONATI: Well, we cover a range from clinical specimens -- that is, specimens taken from the human body, which would be anything like exudates, or looking for communicable type diseases; anything from a sore throat to gonorrhoea. The environmental samples

would be the environmental materials, which would be waters, sewage, well water, air pollution samples -- anything connected with the environment.

MR. JAMES: How do you use the computer in connection with that?

MR. LIBONATI: One of the problems we have right now is that all of our paperwork is done manually. With the computerization, we would log in specimens, or samples when they arrive at the laboratory, and then be able to follow them on computer, and then report out by computer a report for them. We would be able to zero in on where a specimen, or sample was at any one time in the laboratory much more quickly.

GOVERNOR HUGHES: Thank you.

MR. GOLDSTEIN: Governor, Item 10-S-MOD, yesterday, I made a presentation to the Fiscal Committee studying the new 1986 federal tax law and the impact, and the work the Policy Economics group has done for the state for individual income tax and corporate income tax. Today, here it is for local subdivisions. This is counties?

MR. STETTLER: This is the counties -- the 23 counties and Baltimore City.

MR. GOLDSTEIN: Now, here we've got a request here from -- have you seen this? --

MR. STETTLER: Yes, I've seen that.

MR. GOLDSTEIN: -- from John C. Burroughs; and, yesterday, the question was how it's going to affect the 23 counties and Baltimore City, or if you do nothing, that has an impact, too. Then somebody spoke, "How about municipalities?" So, they want to add this to the contract.

MR. STETTLER: And that would be quite expensive. There are 150 of those; and even the work that they're doing now, because of -- we have a sample of about 100,000 out of all of the income tax files -- we will still be making certain estimates within some of the counties themselves. We're going to treat all of the smaller counties very similar. They're being put into groups, and then the results from those --

MR. JAMES: Well, if you found out what the counties are going to get, wouldn't that automatically

give you the figures for the municipalities?

MR. STETTLER: Well, no, because the way the -- as I understand the way the income tax goes for a municipality, it's a certain share of the income tax of residents who live within its district, you know, within its boundaries.

MR. JAMES: Yes.

MR. STETTLER: I mean, once we get the county -- I mean, there are ways in which you could apply some simple analysis of proportion to say "Well, if Annapolis represents normally ten percent of Anne Arundel County, then ten percent of the effect would go into Annapolis."

MR. JAMES: If they had the county figures, wouldn't the municipalities have a pretty good idea of what their share would be?

MR. STETTLER: But there may not be enough -- but the problem is the sample for Anne Arundel County may not have enough data taken from Annapolis to be statistically valid.

MR. JAMES: I see.

MR. STETTLER: That's the problem we're

getting.

MR. GOLDSTEIN: Now, you take Montgomery County. It has 23 incorporated towns. Prince George's, I think, has 29. Baltimore County has none. So, you don't have to worry about Baltimore County, but Prince George's and Montgomery -- and you take like Caroline County, they've got seven. I think it's seven incorporated towns.

GOVERNOR HUGHES: I think it's more than that.

MR. GOLDSTEIN: Maybe so.

GOVERNOR HUGHES: It used to be nine.

MR. GOLDSTEIN: In Calvert County, we've got two: Chesapeake Beach, and North Beach right there in the northeast corner. But some of these counties -- I don't know.

MR. JAMES: Well, in Harford County, if you knew what the county was going to get, you pretty well could figure out what the three counties are going to get.

MR. STETTLER: Yes. I mean, I think you could make a fair estimate --

MR. GOLDSTEIN: Bel Air, Aberdeen, and Havre de Grace.

MR. STETTLER: -- but the question is it's not a precise estimate, and I think the -- and although some of the counties like Prince George's and Montgomery -- Prince George's, particularly -- they vary widely in their demographics and their income, but by looking at the income -- the distribution by income class in a county, I think one could get some idea of how it would apply to each of the towns, but we cannot, you know, draw a statistically valid sample from 154 towns without essentially taking the whole income tax statement and going through the whole thing.

MR. JAMES: Can you answer this letter?

MR. STETTLER: Yes, I'll answer the letter.

MR. JAMES: Say it was referred to you by the Board of Public Works.

MR. GOLDSTEIN: Well, I know, yesterday, Governor -- for fiscal year '86, '87, '88, and '89, and they wanted to know why we couldn't give it for '90 and '91, the capital gains. Well, I've done a lot of work

in finances, and income tax, and revenue estimating, and I don't know how you can go beyond '89 because the Congress is going to convene for its 100th Session come January, and I'm sure they're going to make some modifications on who's going to sell property, and who's going to make a capital gain on their stocks and bonds. Do you think it can be done?

MR. STETTLER: Not with any degree of --

GOVERNOR HUGHES: No.

MR. GOLDSTEIN: That's right. That's what I was trying to tell them.

MR. STETTLER: -- confidence on what is going to happen in 1992. I think --

GOVERNOR HUGHES: Well, even with '88 and '89.

MR. GOLDSTEIN: That's right.

MR. STETTLER: No, '88 and '89 are --

MR. JAMES: Well, that's what Shakespeare said: "You cannot look into the seeds of time and say which grain will grow and which will not."

MR. STETTLER: Hopefully, the system will be changed --

GOVERNOR HUGHES: Some things I'm going to miss when I leave this office --

(Laughter.)

GOVERNOR HUGHES: -- and there are others, I'm not.

(Laughter.)

MR. GOLDSTEIN: We'll make a recording, and send it to you.

GOVERNOR HUGHES: Will you? Well, that's all right. Don't go to any trouble.

MR. GOLDSTEIN: But I know we've spent so much time on studying these print-outs, and I've had George Spriggs do it, and I've had Bob Raider, and Dr. Stettler has had his people, and we try to give the best estimate that's humanly possible, but that didn't satisfy that committee yesterday.

MR. STETTLER: And we were talking about the state. That's one.

MR. GOLDSTEIN: The state, see.

MR. STETTLER: It was just the state. Now, we're talking about doing it for 24 here.

GOVERNOR HUGHES: Right.

MR. JAMES: Now, Governor, really, don't I  
liven these meetings with --

GOVERNOR HUGHES: Oh, you certainly have. I  
in no way intended to offend you.

(Laughter.)

MR. GOLDSTEIN: Excuse me. I'll give you an  
example, Governor. I've sent you a copy of all of this,  
but, for example, we estimated for '87 that the state  
would pick up around 12,930,000 because of the  
additional money that will come from people buying big  
fur coats, and all of this other -- spending sales tax  
money and capital gains. In '88, we estimated  
166,740,000; '89, 185,939,000. But, you see, what  
happened was there was a lot of figures given out in  
September and October that the state of Maryland was  
getting \$400,000,000 this year, and 600,000,000 next  
year. Am I right?

MR. STETTLER: That's right.

MR. GOLDSTEIN: And now, we come along -- and  
now, these are our figures. Now, this is different from

the print-out that we get from this company. We're taking the fact that you've got different tax years, and people don't pay all of their taxes; they ask for an extension of time. It's based on experience. So, I know these figures didn't satisfy them because they weren't high enough, is that correct?

MR. STETTLER: That's correct.

MR. GOLDSTEIN: But we have to give people the figures that we know are right. We just can't give them some kind of real big figure off the top of the wall, and know it's not right. So, there's 1811 pages in that tax law the President signed on October 22nd, and I guarantee you he had no more idea of what was in there than he knows what's going on in Iran right now.

(Laughter.)

MR. JAMES: Nobody would take that bet.

(Laughter.)

MR. GOLDSTEIN: I can guarantee you that.

MR. SWANN: I bet you can get odds on that.

MR. GOLDSTEIN: Well, I just want to put it in the proper perspective.

GOVERNOR HUGHES: Well, how many members of Congress, do you think?

MR. GOLDSTEIN: I said, yesterday, it wouldn't be over five percent -- 435 in the House, and 100 in the Senate.

MR. JAMES: Well, you can look back. You know, the most famous thing Napoleon ever did was to drop the code of laws. Now, do you think he knew what was in the code?

MR. GOLDSTEIN: No.

MR. JAMES: I know.

MR. GOLDSTEIN: He was busy making war and making love.

MR. JAMES: Yes, making war. That's right. So, you can get credit for a lot of things that you don't know anything about.

GOVERNOR HUGHES: All right.

MR. GOLDSTEIN: So, Dr. Stettler, you'll answer this letter.

MR. STETTLER: I will answer the letter, yes.

MR. GOLDSTEIN: Do you want a separate motion

on this?

MR. STETTLER: It's not necessary.

MR. GOLDSTEIN: Okay.

MR. JAMES: Okay. Let's see.

MR. GOLDSTEIN: Item 10, and -- Doctor, this Item No. 13, how is that related to Item No. 10?

MR. JAMES: That's the funds for 10.

MR. STETTLER: 13 funds 10 --

MR. GOLDSTEIN: That's what I thought.

MR. STETTLER: -- because we do not have funds in the budget to do this analysis.

MR. JAMES: How is your Emergency Fund?

MR. STETTLER: Pardon?

MR. JAMES: How is your Emergency Fund surviving at this time?

GOVERNOR HUGHES: It's going fast, isn't it?

MR. STETTLER: Yes. Surviving is about all I can say.

MR. MCGINTY: 662,844.

GOVERNOR HUGHES: That's --

MR. STETTLER: After today.

GOVERNOR HUGHES: That's after today?

MR. STETTLER: I think it's down to 450.

MR. MCGINTY: Yes.

MR. STETTLER: 450 is what I was -- my recollection.

MR. JAMES: We're not going to leave Governor Schaefer very much in the Emergency Fund, are we?

MR. GOLDSTEIN: Item No. 16-GM is an unusual -- case. Here's a lady that sued for harassment, and the legal fee is \$29,000. Why shouldn't the person who harassed her pay it?

MR. MCGINTY: I understand now that the harasser is deceased.

MR. GOLDSTEIN: Is that right?

MR. MCGINTY: I think there is somebody -- there should be somebody from the Department of Agriculture here.

MR. GOLDSTEIN: Yes, I think we ought to have some input on this thing here. This is something unusual.

MR. NIELSEN: Craig Nielsen, Assistant

Attorney General, Department of Agriculture.

MR. GOLDSTEIN: My question, sir, here in the state of Maryland, we've got to pay \$29,048.01 to a law firm who was involved in defending this individual who harassed this lady.

MR. JAMES: No, no, they're suing -- suing.

MR. GOLDSTEIN: Pardon?

MR. JAMES: The law firm is suing her -- suing the state, and suing her.

MR. GOLDSTEIN: I know, but I'm saying whoever it is --

GOVERNOR HUGHES: She was suing.

MR. NIELSEN: Right. She was the one who filed the complaint against the state.

MR. GOLDSTEIN: Right.

MR. NIELSEN: And by law, she is entitled to reasonable attorneys' fees. We settled the merits of the case, and then litigated the attorneys' fees issue, and were ordered to pay close to \$30,000.

MR. GOLDSTEIN: Yes, I see this order signed here by Judge Murray.

MR. NIELSEN: Yes, sir.

MR. GOLDSTEIN: Well, what responsibility does the guy, or the person who harassed this lady --

MR. NIELSEN: Well, he has a great deal of responsibility. The reason he wasn't pursued here was that he is dead.

MR. GOLDSTEIN: Well, see, this don't say so here.

MR. NIELSEN: Yes, sir.

MR. GOLDSTEIN: Don't you think it ought to be in here?

MR. NIELSEN: Yes, sir.

MR. GOLDSTEIN: I mean, otherwise, I was going to vote against this.

MR. STETTLER: We'll amend the item to reflect it.

MR. GOLDSTEIN: I was going to vote against this because when somebody creates a crime --

MR. JAMES: We could go after him if he were still living, but --

MR. GOLDSTEIN: Well, how about his estate?

MR. NIELSEN: Well, the estate, sir, I believe is wound up, and I can't believe that that's a viable issue.

MR. GOLDSTEIN: Well, could we have a revised item here?

MR. STETTLER: Yes.

MR. GOLDSTEIN: , Somebody who's looking at this item here in a few years, they're going to say "Well, Louie, why did you vote for this?" and you don't have enough tax here.

MR. STETTLER: We will amend the item to indicate that the department is being paid by the state because the --

MR. GOLDSTEIN: Let me get your name again, sir.

MR. NIELSEN: Yes, sir, Craig Nielsen.

MR. JAMES: That sort of thing will kill you.

(Laughter.)

MR. NIELSEN: The department has now an EEOC committee, and I don't believe this would ever happen again.

MR. GOLDSTEIN: Well, it all started back in the Garden of Eden.

MR. NIELSEN: Right.

MR. GOLDSTEIN: They said it wasn't going to happen there. It wasn't that red apple on the tree; it was that green pear on the ground, you see?

MR. NIELSEN: -- in this case was one in which the cards were stacked against us. I think that these are difficult cases, and I hope this one will -- this kind of case will never happen again.

MR. GOLDSTEIN: I see. All right, sir.

GOVERNOR HUGHES: Thank you.

MR. GOLDSTEIN: Thank you, sir. Another one of these unusual cases, too, is 17.

MR. JAMES: Yes. Well, I think we've got this pretty well under control now with the Maryland Tort Claims Act. So, this type of thing probably should be handled where the state gives you legal immunity. However, it's -- so that the Maryland Tort Claims Act solves a lot of problems.

MR. GOLDSTEIN: Yes, sir, you want to testify

on Item No. 17-GM?

MR. O'BRIEN: 17, yes. Daniel O'Brien, Assistant Attorney General. If I could just briefly explain.

This was a malpractice case that involved a physician at the Prince George's County Health Department. The physician, Dr. Nordlinger, had come to the Health Department at the time when the local health departments, in general, were having great difficulty obtaining OB-GYN coverage. Dr. Nordlinger was, at the time of this incident, 85 years old. There was also suits brought against his superior physician, Dr. Aldaj. After a great deal of discovery, it was recommended by all defense counsel that this case be settled, and the state's portion is reflected in the \$22,500 figure.

MR. GOLDSTEIN: The settlement is 57,500.

MR. O'BRIEN: That's correct.

MR. GOLDSTEIN: Bill, you say these kind of cases now will come out of the self-insurance?

MR. JAMES: Well, they're coming out of the Maryland Tort Claims Act. You see, under the Maryland

Tort Claims Act, the employees have immunity, and you have to sue the state rather than the employee --

MR. GOLDSTEIN: Right.

MR. JAMES: -- and the state has certain limits within which its operating at the present time.

MR. GOLDSTEIN: All right. Thank you, sir.

MR. O'BRIEN: Thank you.

MR. GOLDSTEIN: I don't have one, but 42. A lot of new trucks and cars are being bought.

MR. SEBODA: Yes, sir, these are our fleet purchases for this year.

MR. GOLDSTEIN: Item 42, the salary keeps going up all the time.

GOVERNOR HUGHES: Item 42 for a new contract? This is the --

MR. GOLDSTEIN: Yes, page B62.

GOVERNOR HUGHES: -- special thing we voted on.

MR. JAMES: Yes, it's a special drive for --

MR. GOLDSTEIN: The Maryland Public Broadcasting Commission.

MR. JAMES: Well, he's going to need some money to pay --

GOVERNOR HUGHES: Yes, I think so, from what you read.

(Laughter.)

MR. GOLDSTEIN: Yes. Okay.

VOICE 1: You mean he hasn't been using all of that money we've been approving for him?

MR. JAMES: I've been reading a little bit about the transaction he got into. The complexity of the deals in which these people go into to avoid paying federal income taxes is just beyond belief.

GOVERNOR HUGHES: Oh, it's the best example of American ingenuity, avoiding taxes --

MR. JAMES: Yes.

GOVERNOR HUGHES: -- and if we used that kind of imagination in a lot of other things, we would be a lot better off.

MR. JAMES: Yes.

MR. GOLDSTEIN: Governor, Item No. EX-1, page B61, they want to hire some kind of expert to assess the

effectiveness of toll collection, maintenance -- is there anybody here who can answer that? It's 300,000 from special funds.

MR. MILLER: Everybody from Toll Facilities left. We didn't have a question on this at the pre-Board. So, we let everybody leave.

MR. GOLDSTEIN: Yes, sir. Item No. EX-1, page B61, shouldn't this money come out of the tolls? Why should that -- it says here "special" --

MR. MILLER: I would expect that it should be Toll Facilities money, sir. I don't remember seeing this item when it came through our office.

MR. STETTLER: That is toll money.

MR. GOLDSTEIN: Is that toll money?

MR. STETTLER: That would be toll money from the Department of Transportation.

MR. GOLDSTEIN: It will be paid out of tolls?

MR. STETTLER: Yes.

MR. MCGINTY: I talked to the budget analyst yesterday, and he said, yes, that is toll money.

MR. GOLDSTEIN: Toll money. Okay. I just

want to be sure. Toll money.

MR. STETTLER: All expenses of the Authority are paid for from tolls rather than similar revenues from the Authority itself.

MR. JAMES: How broad is that study? Is it a complete review of the administration --

MR. GOLDSTEIN: Toll collection, maintenance, police patrol and administrative functions --

MR. JAMES: -- or just toll collection?

GOVERNOR HUGHES: Well, that covers, from this write-up, more than toll collection: maintenance, police patrol and administrative functions, and so forth.

MR. GOLDSTEIN: Operational procedures and management structures.

MR. JAMES: I'm having trouble finding that item. I think I've seen it.

MR. SEBODA: Page 61.

MR. GOLDSTEIN: I wonder if it includes paying the toll -- paying the double toll one way because we have a lot of people who say that if you pay that toll going over to the Eastern Shore --

MR. JAMES: Oh, yes.

MR. GOLDSTEIN: -- going and coming, you could speed up the traffic coming back. I've had any number of, I mean, smart people that say "Why can't you do that?" In New York, they do it. When you go in the tunnels in New York, you pay double. When you come back, you don't have to pay. You just keep right on moving.

GOVERNOR HUGHES: Well, that's been looked at in the past. I think the answer is that you don't have that many -- you have a large percentage, say, of those that are going one way over the Bay Bridge, for example, than you do in the Holland Tunnel, or the George Washington Bridge. So, you'll be losing some revenues.

MR. JAMES: When you get on that island, there is no way off.

MR. GOLDSTEIN: Well, maybe, since you got this kind of study, why couldn't you include that in there?

MR. JAMES: Well --

MR. GOLDSTEIN: I see they're studying toll

collection. The effectiveness of toll collection, that's the first thing you got there.

GOVERNOR HUGHES: Well, that would be a traffic study, really: origin, destinations, and so forth. It wouldn't be in -- it would be a separate study, I think, Louis. I don't think you can include it in this.

MR. GOLDSTEIN: Well, why couldn't you try?

(Laughter.)

MR. GOLDSTEIN: That's a broad umbrella that toll collection.

MR. JAMES: Well, it hasn't been looked at since it started. So, I suppose, maybe --

GOVERNOR HUGHES: The problem isn't that the toll plaza is holding up the traffic. It's the highway system.

MR. STETTLER: The highway.

GOVERNOR HUGHES: It's not the toll plaza that holds it up. It's the lights on Route 50 --

MR. GOLDSTEIN: And Kent Narrows.

GOVERNOR HUGHES: -- and that which comes from

404 into Route 50, the merging, and --

MR. JAMES: Well, I guess every agency, and if they deal with a lot of money, they ought to have a look-see every once in a while to see whether improvements can be made in the administration.

GOVERNOR HUGHES: Well, yes.

MR. JAMES: They made \$39,000,000 last year, plus an extra profit of -- I forget. It runs it up to 64,000,000. Last year's net profit for the year was the difference between 39 and 64. It was some kind of an unusual profit --

MR. GOLDSTEIN: 25,000,000.

MR. JAMES: -- from a bond swap, or something like that. So, they really make a lot of money.

MR. GOLDSTEIN: Mr. Miller, could you ask them if that could be included in this study?

MR. MILLER: Yes, sir, I'll certainly pass on your question.

MR. GOLDSTEIN: Will you?

MR. MILLER: I agree with the Governor that it probably would require a separate study.

MR. GOLDSTEIN: Well, just find out.

MR. MILLER: Yes, sir, we'll get an answer to you.

MR. GOLDSTEIN: Fine. Thank you, Mr. Miller. That's all I have on the Agenda.

MR. JAMES: Louis, wait a minute now.

MR. GOLDSTEIN: Wait a while. We've got those Broncos. Yes, the Bronco cars.

MR. STETTLER: Yes, you wanted to discuss the Broncos.

GOVERNOR HUGHES: The Broncos?

MR. GOLDSTEIN: EX-2, page B64.

MR. SEBODA: The brakes were corrected on the Broncos, and they were corrected by the Ford Motor Company, and then they've been placed on a test track, and they have been in the situation where they have been certified that they perform as well as a new Bronco.

MR. JAMES: Where is the item on --

MR. GOLDSTEIN: That's EX-2, page B64.

MR. JAMES: -- the equipment leasing?

MR. STETTLER: 44.

MR. JAMES: I don't seem to have it.

MR. STETTLER: We handed it out. It may not be in your book.

MR. GOLDSTEIN: Yes, they wanted us to approve it before we had a Board meeting, and I read your report. In other words, you recommend to keep them now?

MR. SEBODA: What they've got is that they have ordered -- they have the wrong vehicles for the service that they have. These things are to be serviced with the warranty that you get with the car every 1,000 miles, and the situation is they drive them about 500 miles a week, and they can't maintain them every two weeks. That's the problem that they have.

MR. GOLDSTEIN: Well, wouldn't that be true with any other vehicle they got?

MR. SEBODA: One of the things -- what we did is when this originally came up, we took the vehicles, and they had taken them back to the dealer, but it was a dealer in Western Maryland, and not the one that we had dealt with; and so, we were in the situation where the fleet sales were handled out of the regional office back

through Detroit. So, we got those people in. They rebuilt the brake system; and then, in order to be sure that they were okay, the guy that does Motor Week -- I forget what his name is -- took the vehicles out on a track, and he tested them, and that they came up to specifications. One of the things that he had said is with the type of service that they have, they ought to have a stainless steel braking system; and with a stainless steel braking system, you wouldn't have the problems with corrosion. And so, he concluded that the problem wasn't with the Broncos; the problem was that they had ordered the wrong vehicle for the use that they wanted to put them to.

MR. GOLDSTEIN: Well, what is the solution, then?

MR. SEBODA: Well, the solution is, is you maintain them every two weeks, or you get a special vehicle that has a stainless steel brake system, that has stainless steel tubing, stainless steel cylinders, and then you'll avoid the problem; but if you go in, and you go out, and you're looking to get a Bronco, or the

normal four wheel drives that we get, that won't solve the problem.

MR. GOLDSTEIN: Will not solve it. Well, is anybody here from Natural Resources?

MR. NELSON: Not from the police, Comptroller. All I know is that the vehicles have been totally unacceptable, and they figured they would try another vehicle. I'm not here to challenge it.

MR. GOLDSTEIN: Well, you heard what he said: another vehicle, unless it has the steel -- all of these pertinent --

MR. NELSON: The stainless steel lining.

MR. GOLDSTEIN: -- it wouldn't work.

MR. SWANN: Stainless steel is not available through the manufacturer.

MR. SEBODA: No.

MR. SWANN: That has to be a special order item.

MR. SEBODA: You're going to have to do one of two things: you're either going to have to take the vehicles and buy a standard car, and then take the

standard car and put in a stainless steel system, or special order and get it put on by the manufacturer. It's a special.

MR. GOLDSTEIN: Wouldn't that be the thing to do, have the --

MR. SEBODA: But the Broncos that you have, the issue comes up because they had problems with the brakes, the police up there refuse to drive them; and we had vehicles that have been certified by the people that do the testing and have taken them out on the track. The problem has been corrected, and so that you're in the situation where the only solution to it is to order the vehicles that you want rather than just take the ones that

MR. GOLDSTEIN: Well, the ones they've got are in order now, and that won't take care of the proposition either.

MR. SEBODA: (Shakes head negatively.)

MR. GOLDSTEIN: So, you'll just be putting bad money after good money, won't you?

MR. SEBODA: Now, if they go around --

MR. GOLDSTEIN: I see Dr. Brown is here.

MR. SEBODA: -- and on an expedited procurement, that you go and get the other vehicles -- something like, I think, the Cherokees -- they don't have maintenance every 1,000 miles; they may have every 6,000 miles, or something like that, but --

MR. GOLDSTEIN: But if you're driving --

MR. SEBODA: -- but the expert from Motor Week, who deals in this stuff, tests cars, and evaluates them all the time, has stated that the solution to the problem is to have a stainless steel braking system and not a conventional braking system.

MR. NELSON: I think we've never had a problem until we got the Ford Broncos. I think that was why we tried another type of vehicle is that the Ford -- we never had a problem in the Western Maryland region until we --

MR. JAMES: That's caused by so much snow?

MR. NELSON: That, and the grade, and the incline.

MR. SEBODA: And they drive them off the road;

and then when you take them off, you don't --

MR. GOLDSTEIN: Well, did you all request to buy those initially?

MR. NELSON: I'm not sure we had a choice. I think that --

VOICE 2: They came off a contract.

MR. NELSON: They came off a contract, and now what we're doing is asking for anything --

We -- that the Ford Bronco was unacceptable. That's the vehicle we had a problem with.

GOVERNOR HUGHES: I didn't know I should have gone to brake school before I became the Governor. I didn't know that I was going to have to get involved in stainless steel brakes.

MR. GOLDSTEIN: How many vehicles do you have up in that Western Maryland complex?

MR. NELSON: I couldn't tell you.

MR. GOLDSTEIN: Well, can Dr. Brown tell us? Can somebody tell us? Do you have 20, or 30 vehicles?

MR. BROWN: We probably have a little bit less than that, but a lively number. Not four wheel

trucks --

MR. GOLDSTEIN: Not trucks, but all kinds of vehicles.

MR. BROWN: Yes.

MR. GOLDSTEIN: Well, then, I would think with that many vehicles -- do these guys take the vehicles home at night?

MR. BROWN: No.

MR. GOLDSTEIN: They don't?

MR. BROWN: No.

MR. GOLDSTEIN: Well, then, you ought to have somebody there to maintain them. Like when I was in the Marine Corps in the Philippine Islands, heck, we went through seawater, and all kind of mud, and grit, and all everyday, but somebody was there to clean the vehicles up, and --

MR. BROWN: But, Mr. Comptroller, what I've been --

MR. GOLDSTEIN: -- take care of them.

MR. BROWN: -- told about these vehicles is that the Bronco is designed for a four wheel drive

sometimes, and the average purchaser uses four wheel drive once in a while -- a couple of times a week, or a month -- but these are used in four wheel drive all the time in the worst terrain all the time --

MR. GOLDSTEIN: I know.

MR. BROWN: -- and they're not really made for that.

MR. GOLDSTEIN: It's rough country.

MR. BROWN: It is rough country, and they're practically used in four wheel drive all the time, and that's one of the reasons that we've had this problem.

MR. GOLDSTEIN: Well, what other vehicles did you have prior to getting the Broncos?

MR. BROWN: What we would -- you mean four wheel drive?

MR. GOLDSTEIN: Yes.

MR. BROWN: We had Jeeps, occasionally, and they were -- they always worked better, and they're --

MR. JAMES: Well, then, let's try something else.

GOVERNOR HUGHES: Go out and get three Jeeps.

MR. NELSON: That's what we would like to do.

MR. BROWN: I don't know if we can write a contract like that.

(Laughter.)

MR. JAMES: Trade these Broncos in --

MR. GOLDSTEIN: You're going to sell these Broncos?

MR. NELSON: Yes, sir.

MR. GOLDSTEIN: Well, why don't you put out for a bid, then, and get bids on the Jeep?

MR. JAMES: That's what they're asking for.

MR. NELSON: That's what we're asking to do.

MR. STETTLER: That's what we're asking.

MR. SEBODA: Well, what they should do is that the specs should be modified to give them the brake system that they need, the stainless steel system.

MR. GOLDSTEIN: Well, then, they won't have them for this winter. See, the hunting season comes -- the deer season comes next week, don't it?

MR. BROWN: Yes. Yes, sir. It's also possible they were made on a Monday morning because

there are three serial numbers in a row.

(Laughter.)

MR. GOLDSTEIN: What?

MR. SEBODA: It's possible they were all made on a Monday morning because there are three serial numbers in a row.

MR. GOLDSTEIN: I see. Maybe so. I don't know.

GOVERNOR HUGHES: There is something to that.

MR. JAMES: Well, I move that we approve this, and trade the Broncos in, or sell them, and get new vehicles.

MR. BROWN: Thank you.

GOVERNOR HUGHES: Well, I second it.

MR. GOLDSTEIN: Yes, I mean, but I want to be sure that they're not going to have the same problem with the vehicles they get now. I think it's just the lack of proper maintenance. That's what the heck it's all about. They're not being maintained.

GOVERNOR HUGHES: I can't imagine a car that you have to service every 1,000 miles. That would be an

awful burden.

MR. SEBODA: But when you go into the manual, that's what is in the manual, and that's what you have to follow.

GOVERNOR HUGHES: That's ridiculous. I mean, you would be spending 20 percent of your time servicing the vehicle.

MR. GOLDSTEIN: Well, what it means, Governor, is when you take a vehicle through mud, and grit, and all, you ought to bring it back, wash it down, clean it up, and grease it. It's just like anything else. Just like your boots. You got a pair of good shoes on right here. If you walk through mud, and just put the shoes down and don't clean them off and don't polish them, what the heck is going to happen is the leather is going to crack, the lining is going to get all messed up -- just like a suit of clothes. It's the lack of maintenance is what the heck it is. They're not maintaining the vehicles. We've got plenty of money. Go ahead and get some new ones. I understand what the heck is going on.

GOVERNOR HUGHES: -- with that Agenda, yet?

MR. STETTLER: We have a hand carried Item  
44-S --

GOVERNOR HUGHES: Yes.

MR. STETTLER: -- that's been discussed that is essentially authorizing the Budget Department to move ahead and award a contract to Maryland National Leasing Corporation to develop a program whereby we consolidate many existing outstanding lease purchases into a single one at a reduced -- at a savings to the state in excess of a half a million dollars. Now, the contract will be back before the end of the year because we have to go through all of the procedures, and get all of the contracts -- existing contracts assigned.

MR. JAMES: With an attitude of hope, I move  
that we approve that.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that Item 44-S be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved. Now, do I hear a motion on the Agenda?

MR. GOLDSTEIN: I move we approve the Agenda with the exception of those items previously approved, or withdrawn.

GOVERNOR HUGHES: Do you second it?

MR. JAMES: I second it.

GOVERNOR HUGHES: It's been moved and seconded that the Budget and Fiscal Planning Agenda be approved, except for those items previously acted upon, or withdrawn. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The Agenda is so approved.

MR. GOLDSTEIN: University of Maryland.

GOVERNOR HUGHES: Don't you think we ought to break?

MR. GOLDSTEIN: Yes.

MR. JAMES: Yes, how about a break. We'll pick up at 1:00.

GOVERNOR HUGHES: All right. We're going to recess until 1:00. Then we'll get back to the University of Maryland.

(Whereupon, there was a recess for lunch.)

GOVERNOR HUGHES: University of Maryland.

MR. JAMES: Yes, the Maryland agricultural -- I guess that's -- is that the only other item you have on the University of Maryland Agenda; that expenditure for the --

MR. GOLDSTEIN: Item --

MR. JAMES: Item 7, you know, spending money for those agricultural improvements.

MR. GOLDSTEIN: Right. That's right.

MR. JAMES: It looks all right to me.

MR. GOLDSTEIN: Yes, I have no problem with it.

MR. JAMES: Yes. Okay.

MR. GOLDSTEIN: My next one is Item 8.

MR. JAMES: 8 is the only one, yes.

GOVERNOR HUGHES: All right. The University of Maryland Agenda, and there doesn't seem to be any problem with anything on the Agenda with the exception of Item 8.

MR. MYERS: Yes.

GOVERNOR HUGHES: So, I guess we can address ourselves to that.

MR. MYERS: Fine. I'm Donald Myers, Vice President for General Administration, University of Maryland.

With respect to Item 8, we had introduced it to the Board of Public Works at the meeting of September the 17th; and at that time, you requested that we ask Mr. William Kahn of the Office of the Attorney General to look at the paperwork and the issue, and that we seek an opinion from the Attorney General's Office on the issue.

I have with me, today, Mr. Kahn, and I think that you would like to hear his comments regarding the proposal before you.

MR. KAHN: Good afternoon. I'm William Kahn. I'm an Assistant Attorney General.

I have reviewed the documents, as you requested, and Mr. Sachs has furnished to you an opinion containing his views regarding this transaction. Unless you have any specific questions right now, I would just briefly summarize what it is that the University of Maryland is proposing.

This is a transaction, which involves the construction of a research center at College Park by a contractor under contract to the University. Rather than paying for it outright, the University thinks it's more desirable to buy the building on the installment plan, and this transaction is set up to do it that way.

It's done by creating some property interest. Under a ground lease, the ground on which the building is to be built is leased to a trustee; and the building, when it is -- when and as it is constructed, is also leased to the trustee. The University acquires the building by buying the leasehold back.

To raise the money that the trustee is to put

into the building -- the University is going to put in 2.6 million dollars, but it takes an another approximately 13.5 million dollars to construct the building and pay for soft costs. To acquire the funds to do this, the trustee is to issue what are known as "participation certificates"; sometimes called "certificates of interest"; and, here, they're called "certificates of participation." The University will have the right to use the proceeds, but as the opinion that we have given you points out, this is not a loan. The University and the state will participate in the sale of the certificates; and in return for the participation, we will get title to the building. Once we have title to the building, then we can lease it out.

So, this is not the ordinary installment plan purchase. It is a little bit more complicated than some of the other things that you have approved. I'll go quickly through the features of the documents.

The ground lease is for 20 years. The trustee pays us a dollar per year rent while the state is in possession of the building. If for some reason the

state loses possession of the building -- as, for example, if there is a default, or if there is a failure to appropriate funds to make the purchase installments -- the rent increases to some \$37,980 a year, which is escalated in accordance with the Consumer Price Index. The ground lease is for 20 years. It terminates then, or it can terminate earlier if the state pays off the purchase installments as planned, or there is a provision for prepayment. I believe that that right begins at the ten-year point. In any event, whatever the reason for the termination of the ground lease, the building comes to the state lock, stock and barrel whenever that occurs -- whenever the ground lease terminates.

Unlike some of the other deals that I've talked to you about, and you have approved, the building cannot be destroyed. If, for example, there is a default at some time in the future, the recourse of the trustee is essentially only to the building. He can take possession of the building. He gets title to the building. He can sell the building. He can use the

building -- all subject to the ground lease so that if somebody should buy from him the building, they only buy it for the remaining term of the ground lease. There is no right to destroy the building. It can be modified, or altered to suit whatever purpose they have in mind, but, eventually, the building comes back to the state. That's one of the more desirable features of this transaction, and, conversely, one of the less desirable features of the earlier transactions.

The conditional purchase agreement -- the installment plan agreement, under which we buy the leasehold, is a 15-year agreement, and this leaves a gap between the end of the installment plan agreement and the end of the ground lease, and that was deliberate. Should there be a problem in paying, and the trustee having to take over the building, he wanted the right to make some meaningful use out of it so that he could recover the unpaid funds and pay off the obligations. Under the conditional purchase agreement, that agreement will terminate if we pay off the obligation, if we prepay the obligation, if the state fails to appropriate

the money, or if there is a default in payment from appropriated funds. And I should say, and I should emphasize that the important feature of this entire transaction is that the state's obligations with respect to payment are all conditioned on availability of appropriation, and the only recourse that the trustee has is to the building itself, or to sue for unpaid monies that have already been appropriated. So, in its essence, it's a non-recourse to the State Treasury type of obligation.

MR. JAMES: Could I ask a question at that point? Assume that there is non-payment, would there be -- would there arise a right to sue for breach of contract with the Board of Contract Appeals; and if we lost the case, would that place on the Legislature the burden of appropriating the money?

MR. KAHN: This would not go to the Board of Contract Appeals. It's not structured that way since it involves property interest. There would be a suit in court; and if there were a judgment for money, I would have to presume that the money was available, was

appropriated, but was not paid over for some reason.

And so --

MR. JAMES: But if the money were not appropriated, would there be --

MR. KAHN: If the money was not appropriated, there is no right to sue.

MR. JAMES: Okay.

MR. KAHN: The only suit that could be brought would be for possession of the building, in the event we didn't want to turn it over -- foreclosure, if you will --

MR. JAMES: Okay.

MR. KAHN: -- and that's it.

MR. GOLDSTEIN: May I ask you a question, Mr. Kahn? We've got several instruments here, and the ground lease, and the easement. I see why the state has to sign that giving up the title to that property, but why do we have to sign all of these other agreements --

MR. KAHN: Well, there are --

MR. GOLDSTEIN: -- the Board of Public Works?

GOVERNOR HUGHES: You said the state. You

mean the Board of Public Works.

MR. GOLDSTEIN: Well, that's what I'm talking about, the Board of Public Works.

MR. JAMES: You're talking about, specifically, the trust agreement --

MR. GOLDSTEIN: That's right. You see --

MR. JAMES: -- and the certificates of participation.

MR. GOLDSTEIN: -- we sign the ground lease and the easement to have access to the building.

MR. KAHN: Right.

MR. GOLDSTEIN: I don't see no problem with that.

MR. KAHN: The additional purchase agreement is an agreement between the trustee and the state. So, somebody must sign for the state, and I believe the statute -- I don't have it in front of me, but I believe it says that these documents have to be signed by the head of the agency and the members of the Board of Public Works, and I think that's true across the board.

MR. JAMES: Well, if you have --

MR. GOLDSTEIN: We didn't do it in Salisbury, and we didn't do it for Towson.

MR. KAHN: We were not a party to the trust agreement in Salisbury because, in the Salisbury deal, there was a developer who was the intermediary. We were dealing with him; and so, you signed a ground lease with him --

MR. GOLDSTEIN: That's right.

MR. KAHN: -- and a conditional purchase agreement, and I think there were some certificates that you also had to sign there. You didn't have to sign a trust agreement because the trust agreement was between the developer and the trustee. This transaction is a collapsed form of the Salisbury transaction in that the middle man -- the developer -- has been eliminated; and, presumably, whatever financial compensation he would have had out of the deal is not there. The construction contract was there with the developer. Here, the construction contract is with the state. So, we've collapsed everything.

MR. JAMES: Well, for purposes of

clarification -- and Mr. Goldstein and I have discussed this -- when you execute the lease, the trustee has a source of income over a period of 20 years, I believe it is.

MR. KAHN: The ground lease --

MR. GOLDSTEIN: 20 years.

MR. KAHN: -- is 20 years, yes.

MR. JAMES: Yes. So, he has an asset there that he can take to a bank, or --

MR. KAHN: But he is paying us on that deal.

MR. JAMES: I know. I'm talking --

MR. KAHN: It's the conditional purchase agreement, I think you mean.

MR. JAMES: Yes, the installment agreement. I mean the installment agreement.

MR. KAHN: Yes.

MR. JAMES: So, we're giving a lease -- almost like a shopping center lease, you might say -- that's an asset that he can use -- the trustee can use to borrow, right?

MR. KAHN: Well, he can assign it, yes.

MR. JAMES: Okay. And we were wondering why the trustee can't enter into a trust agreement, and then issue certificates of participation because he has this asset which he can pledge to secure the certificates of participation, and we just wondered why the Board of Public Works has to be involved in that. That's the issue. That's the question.

MR. KAHN: The trustee has no rights of his own that are independent of our obligations to him. I don't know if that makes a lot of sense to you. The trustee is there; and, in essence, you could say he's a straw. There are many transactions where people use straws. The Chief Justice of the United States used a straw to get rid of a restrictive covenant in a deed. He deeded his land to his lawyer; and on the same day, his lawyer deeded it back.

MR. JAMES: Well, then, you're saying the Board of Public Works is the real borrower here?

MR. KAHN: The way the transaction looks to the outside world, the underlying obligations are the obligations of the state. That's true under federal tax

law. It is true, apparently, under federal securities law; and as I have been advised, that if these certificates are sold in New York, New York will look at it as if the state is the issuer of the certificates.

MR. GOLDSTEIN: Well, see, that comes right back to what we learned down in Nashville. This is the obligation of the state of Maryland, and this is a way of getting around going through a bond issue, or -- the Legislature, or the State Planning Commission. This is a way to get home without touching first base, second base, and third base.

MR. KAHN: In one sense, that's true. I would agree with you that you don't go through the same hoops. The difference between this obligation and a bond is that the obligation of the state is contingent upon appropriations; and, at least in theory, the state can walk away from this transaction by not appropriating the money. Whereas, with a bond --

MR. GOLDSTEIN: That's never going to happen --

MR. KAHN: I know that.

MR. GOLDSTEIN: -- right on the center of the campus of University of Maryland, College Park.

MR. KAHN: Because, if the state did that, I think that the repercussions would be negative, but as a practical matter in the outside world, they all look on it as an obligation of the state, but the way a lawyer is obligated to look at it, it is different from the bond type debt.

MR. GOLDSTEIN: Well, see, that's the trouble. See, the lawyers come and go, but this debt hangs over our heads as a state debt.

MR. KAHN: I guess both of your statements are inevitable. The obligation will continue, and lawyers will come and go.

MR. GOLDSTEIN: That's right.

(Laughter.)

MR. GOLDSTEIN: I've been around here a long time, and -- see, the lawyers just give us opinions, but we're putting our name to the agreement.

MR. KAHN: Yes, sir.

GOVERNOR HUGHES: Well, you don't have

anything to do this, but it is a process that can and has been used. It gets around the normal processes that are used in creating state debt: the Debt Affordability Committee, bond bills, and so forth --

MR. KAHN: That's correct.

GOVERNOR HUGHES: -- and the rating houses have said it will be considered an obligation of the state.

MR. GOLDSTEIN: How many more of these gimmicks does the University of Maryland have, Dr. Myers? You're on the inside up there. You know what Dr. Slaughter is thinking, and Dr. Toll. How many more gimmicks do you have like this?

MR. MYERS: We have no more "gimmicks," if you can use that term, underway at this time. We, of course, do have auxillary enterprise facilities --

(Laughter.)

MR. MYERS: -- approval for bonds. That is different. We will, in fact, be working with that, but that is specifically provided for in law, as opposed to this. We have no more certificates of participation

bonds.

MR. GOLDSTEIN: Do you plan any more like this?

MR. MYERS: We do not plan any more at this time, no. I can't tell you what -- what the lawyers over there will speak to the future. I do not know what will happen in the future. We have nothing --

MR. GOLDSTEIN: Well, maybe we ought to get a letter from Dr. Slaughter and Dr. Toll on that campus, and the other -- on the other campus so we'll find out what is going on.

GOVERNOR HUGHES: Probably, what I should do is send a letter to all of the campuses --

MR. GOLDSTEIN: I would suggest that because --

GOVERNOR HUGHES: -- that come to here, first, before getting this far down the road with it because it is creating state debt; not that we don't want this facility to go. It's going to be great, but I'll work on that.

MR. JAMES: Well, you know, we're down the

road so far, I'm going to vote for this --

GOVERNOR HUGHES: Yes.

MR. JAMES: -- but I never thought the Board of Public Works had authority to independently incur state debt, and that's basically what this does, and I understand you're hanging your hat on the legal authority of the Board of Public Works to deal in real estate. I'm glad, as a collateral right attached to the right to deal with real estate, why, we have the right to enter into this obligation, as I understand the reasoning --

MR. KAHN: That's the legal reasoning behind it.

MR. JAMES: -- is that correct?

MR. KAHN: Yes.

MR. JAMES: Well, it's getting on the outer zones of legality, but I guess it will hold up.

MR. GOLDSTEIN: Well, there is no question about it. With all of these very clever lawyers today in brokerage houses, they can conceive most anything to get around the existing law; but here, now, this is 13

-- well, actually, it adds up around \$16,000,000 that's being appropriated to put up a building, which I say they need, but I think we ought to go through the regular process, and let the Legislature know what is going on because it will come back to haunt the University.

MR. KAHN: Well, if you have a proliferation of these things, it will come back to haunt everybody.

MR. GOLDSTEIN: Well, the first thing, you see, you'll have some other state institution "Well, you did it for the University of Maryland. Why can't you do it for us?" You see, it's just like when they first built a beautiful home for Dr. Elkins. Then along came the distinguished president of Morgan. He said, "Now, look, you built one for Dr. Elkins. We want one." Then along came the president of Towson State University; he said, "Look, my wife can't exist down there in that hollow. Oh, my Lord, them students are setting her crazy. See, they drink beer, and come there, and rap on the door, and all of that. We want another place." So, I know how things work around this state, and this will

be a pro forma model for some other institution.

MR. JAMES: That's right.

MR. GOLDSTEIN: Then the Legislature says "Wait a while, now. We didn't have any say in this." Connie Lieder, who is the State Planning, did you have any say in it?

MS. LIEDER: No.

MR. GOLDSTEIN: You see, you bypassed the whole process.

MR. KAHN: I would agree that there should be some procedures to deal with these just as you had some procedures on lease/leaseback.

MR. GOLDSTEIN: That's right.

MR. KAHN: This kind of a transaction is not a bad one to add to the stable of alternatives that the state has, and it seems to fit fairly nicely where you would have a facility, which in one way or another it generates some revenue, as this one apparently does, and as the Salisbury student union did. It might not be as appropriate in another setting.

MR. GOLDSTEIN: These are two different

sources. Here, we're depending on the federal government to appropriate money for research.

MR. KAHN: Right.

MR. GOLDSTEIN: Is that right, sir?

MR. KAHN: That's what I understand.

MR. GOLDSTEIN: And all of the research on the campus will be in this one -- see, which I'm in favor of. I'm a great believer in combining them instead of having them scattered helter-skelter all over hell's acre. I think everybody wants the project, but just how do you accomplish that end?

MR. KAHN: Right. And as I say, this is just one of a number of alternatives that people can use in acquiring real property, and I think you're probably correct that there is some need for procedures to deal with it.

MR. GOLDSTEIN: Well, to keep everybody informed; and when we go before the Legislature -- he's the Chairman, and I'm Vice Chairman of the Capital Debt Affordability Committee -- they'll say "Well, gentlemen, how about this money? How did that happen?" Then we've

got to tell them how it happened. They'll say "Well, why didn't you come and ask us?" I'm going to say "Go see Dr. Toll and Dr. Slaughter. They're the experts."

MR. KAHN: Yes, please don't tell them to see me.

(Laughter.)

MR. GOLDSTEIN: See Mr. Sweeney, the Chairman of the Board of Regents. They can explain everything else; maybe they can explain this, too, because we're going to be on the hot seat. I can tell you that right now. I can see that coming when we go over there in January and February.

MR. JAMES: Well, I think this has to go before that legislative committee, doesn't it, to get an ultimate approval, or doesn't it?

MR. KAHN: I don't think so.

MR. JAMES: No?

MR. KAHN: I think that had to do with sale leasebacks, and lease/leasebacks, and industrial revenue bonds. This doesn't involve any of those.

MR. JAMES: It doesn't involve that. It

doesn't?

MR. KAHN: So, they have not provided that yet. I wouldn't be surprised if they will, though.

MR. GOLDSTEIN: Let me ask you a question, and I hope it won't make you nervous when I ask you this question. What happens if we don't want to sign this?

MR. KAHN: I just pick up my papers, and go home.

(Laughter.)

MR. GOLDSTEIN: Well --

MR. KAHN: If you are inclined to sign it, the University has asked that you sign the certificate purchase agreement today.

MR. GOLDSTEIN: See what I mean?

MR. KAHN: I understand that not all of you will be available next week when they go to market with it, and they would ask that --

MR. JAMES: Well, I spent all weekend looking at; and, then, when we had the pre-Board meeting on Monday afternoon, I was handed another package, which I had to go home and look at.

MR. KAHN: It's not easy reading.

MR. JAMES: No.

MR. GOLDSTEIN: No.

MR. JAMES: It puts you to sleep.

MR. GOLDSTEIN: See, I marked all of the places where we're supposed to sign, and --

MR. KAHN: I think that they will provide you separate signature copies of all of the documents, including the certificate purchase agreement.

Do you have them with you?

VOICE 3: Jim McGinty has the --

MR. KAHN: Okay. And the only thing that we're asking that you sign today is the certificate purchase agreement. The rest of it can wait until the closing.

The other thing that I wanted to ask you, the office had written an opinion, which we delivered to you last week, and I would ask if you want a copy to go into the Board's record.

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: I would think. I would make

that motion, that a copy of the Attorney General's opinion go into the record on Item No. 8-GM, page 9C, University of Maryland Agenda, as of November 19th, 1986.

MR. KAHN: I have a copy, and I'll give it to the Board's Secretary.

GOVERNOR HUGHES: All right. No objections.  
So ordered.

MR. KAHN: Are there any other questions that I can answer for you?

GOVERNOR HUGHES: Any further questions of Mr. Kahn?

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: Thank you very much.

MR. KAHN: Thank you.

MR. GOLDSTEIN: If you don't sign it today, it won't go through.

MR. JAMES: I wish Dr. Myers would come -- I wish Dr. Myers would come up.

GOVERNOR HUGHES: Dr. Myers, we have some questions.

MR. JAMES: Dr. Myers, I'm going to make a motion that this be approved, but I want you to carry a message back to Dr. Toll to the effect that if I'm here, which I may not be, I'm not going to approve another one of these deals like this, in which the Board of Public Works is creating debt. In the past, we've always created debt when a debt has been authorized by the Legislature. The Board of Public Works has never, since I've been here, in 12 years, created debt without authority of the Legislature, and I'm not going to vote for anything like this again that doesn't come through legislative authority and approval. I just want that to be understood. So, with that understanding, I'll move we approve it; and, hopefully, we don't get in trouble.

MR. MYERS: I understand your concern, and I will in fact relay the message to Dr. Toll.

GOVERNOR HUGHES: Well, I will be sending a letter to --

MR. MYERS: I understand.

GOVERNOR HUGHES: -- as a matter of fact, all of the boards of higher education; and, Connie, maybe

you can help me with the letter.

In addition to what the Treasurer has said in creating debt -- and I share his concerns there -- is it's a fait accompli, practically, by the time it gets to us --

MR. GOLDSTEIN: That's right.

GOVERNOR HUGHES: -- and here we are now faced with signing today so that things can start next week, and we're going to have to set up some procedures for this, and, also, I want this letter to say that no board of trustees is to start anything like this until they first notify the Board of Public Works.

MR. GOLDSTEIN: I agree with the statements made by the Governor and by Senator James because I've been around here a long time, and this is the first time I've ever seen a transaction like this; and I know you've got these highfalutin lawyers, I call them, and they can conceive anything to get around the basic structure of our state government; and when you get away from checks and balances, you have problems. You've got other problems on the University of Maryland campus

because you didn't have checks and balances, and here is another example of you going right ahead and doing something again. That seems to be the composition over there for some reason. It's not right. Whether it's athletics, or whether it's financial matters, it ought to be done according to the system of checks and balances, and here this was not done.

I'm voting for it because I know the need for that research center over there, and I see the millions of dollars you're getting when I attend the Board of Regents' meetings. I see that's one item on your agenda. It's millions and millions of dollars you're applying for -- not only for College Park, but University Hospital, University of Maryland Baltimore County Campus, University of Maryland down on the Eastern Shore, and you have to have that research money in order to have a great university, but I feel that you ought to follow the rules of law like every other institution has to follow. Towson has to follow it. Morgan State University has to follow it, and these other higher education institutions. Once you make an

exception, then it's tough to turn these other people down, you see. They actually got a hammer over top of your head, and I know how you educators work. You work around the system instead of working with the system. It's not right. It's not right, sir. So, I've got it out of my system.

I second the motion.

GOVERNOR HUGHES: I don't disagree with us trying to find innovative ways of financing things. I just think we have to be careful of how we --

MR. GOLDSTEIN: Do it according to the system.

GOVERNOR HUGHES: -- how we proceed, and look at the total picture --

MR. GOLDSTEIN: That's right.

GOVERNOR HUGHES: -- because this is creating debt that the rating houses are going to acknowledge as an obligation of the state of Maryland, and they consider those factors when they determine whether they're going to continue "AAA" bond rating, or not. So, there has got to be a look at the whole picture before these things get too far down the road, I think.

It's not that I'm opposed to trying to find innovative ways of building some of these facilities. Thank you.

MR. MYERS: Thank you very much for the action you have taken today.

GOVERNOR HUGHES: We haven't taken it, yet. I guess we better take it. There has been a motion to approve Item 8-GM. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved.

MR. JAMES: I move we approve the rest of the Agenda on the University of Maryland.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved that the Agenda of the University of Maryland be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

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MR. MYERS: Thank you very much for the action you have taken today.

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BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

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BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The Agenda is approved.

Department of General Services.

MR. GOLDSTEIN: General Services, right. My first one here was Item 2A-C, Governor, the Montrose School. I saw the article that was in the paper. They were talking about closing that facility up. Now we're getting ready to spend right much money fixing windows, grates, pipes.

MR. SEBODA: The problem that we have --

MR. GOLDSTEIN: Item 2A-C.

GOVERNOR HUGHES: Oh, A-C, okay.

MR. GOLDSTEIN: I just want to be sure --

MR. SEBODA: The problem that you have with the facility, they are having difficulties with kids hanging themselves. They're also having problems with escape --

MR. GOLDSTEIN: Is that right?

MR. SEBODA: -- and that, if they close it as a training school, that will be two to three years down the road, and that they are talking about finding

another use, like a RICA, something like that. So that this is a good investment, much the same as you have to continue to spend money on life safety improvements, because these people are in our care, and they are supposed to be prevented from hanging themselves and from escaping.

MR. GOLDSTEIN: Sure. No question about that. Well, that answers the question. In other words then, they would keep on using it.

6-S, 6-S, that's a right big claim they're making, Governor. You see that, that contract on 6-S? They're claiming an extra million dollars.

MR. SEBODA: Yes. This is on the Bid Pack Number 4 on the Somerset prison facility, and Bid Pack Number 4 is for 13 and 1/2 million dollars. The contractor, J. Roland Dashiells, is submitting a claim to us -- has submitted a claim to us worth about 1.7 million dollars, alleging delay on review of shop drawings; and that what we have to do is have an expert reconstruct the event and that, based on that, put us in a situation where we will either be able to negotiate a

settlement or give us the ammunition that we need when we go to the Board of Contract Appeals to mitigate the dollars on the claim.

MR. GOLDSTEIN: Is that not to exceed, or is that just the beginning price, 29,460?

MR. SEBODA: Well, that's the beginning price to do the analysis. If we get in the situation where you have the depositions and testifying, that we will then pay that at an hourly rate based on time spent.

MR. GOLDSTEIN: I see. Then you've got Items 7-S and 9-GM. That's all part of that same facility down there.

MR. SEBODA: Yes. These two items go together. The 7-S is to give us testing of the subassemblies and the equipment for the wood chip burning plant at Somerset County. What we will do with this contract is go with each piece of equipment, the boilers, the chillers, the stokers. We will test them individually. Then, once that all of the systems work, we will then test it as an entity, and they will go through 21 days to make sure it steams the rate that it's supposed to,

that all of the instruments that control the process work properly; and then they will be in the situation where, once it has been accepted, we will then be teaching the people that operate the facility how to operate the facility.

As you're aware, with the Somerset County facility, we worked in cooperation with Department of Natural Resources to develop the wood chip burning capability. We are also generating all of our own electricity, and this takes us into the Contract Number 9, in which we have an agreement with Delmarva, so that all excess electricity that we generate, we will sell to Delmarva. The fortunate thing about this plant is our excesses will occur in the summertime, because the facility is not air conditioned; and so that, when you're down on the Eastern Shore, the greatest need for additional electricity is in the summertime with Ocean City.

MR. JAMES: What do you do about mosquitoes down there? Do you keep the mosquitoes out?

MR. SEBODA: Well, I think what you would do

is you have the screens in the windows, and hopefully that will keep the mosquitoes out; but, if you ask me what I'm going to do about mosquitoes, I'm not going to do anything.

MR. JAMES: Might be additional punishment down there, you know.

MR. SEBODA: Well, somebody once said that, you know, down in Somerset County, if you had a death penalty, what you do is paint them in honey and stake them out in the field; and that's how you carry out the sentence.

MR. JAMES: This is an innovative thing, and it certainly --

MR. SEBODA: Yes. We are getting a little bit of national recognition.

MR. GOLDSTEIN: Well, I hope it works.

MR. SEBODA: Yes.

MR. GOLDSTEIN: I hope it's not like that Monsanto project we had over in Baltimore.

MR. SEBODA: What you're dealing with on here, that this technology, although it's new in the state, is

exactly the same way that we fired ships, in which we at one time used coal, and then we went to oil; and we generated our own electricity for the ship, steam, heat, the whole thing.

MR. GOLDSTEIN: Are you going to use the prisoners to feed the chips in there, or have you got a conveyor belt?

MR. SEBODA: They've got a conveyor belt. Want to see a picture? I thought that you might. This is what the plant itself looks like, and these are pictures. This shows you the conveyor arrangement, in which you store wood chips here. It then goes into the silo, and then this feeds into the actual boilers.

MR. GOLDSTEIN: And you're going to have your own wood chipping machine right down there to chip your --

MR. SEBODA: What you have is that the wood that generally is marketable on the Eastern Shore is the loblolly pine and that, within the loblolly pine, you would have various scrub oaks, gum that grow.

MR. GOLDSTEIN: But let me tell you now, my friend. Gladfellow takes the oak, the gum, the sycamore,

the beech, along with the pine. They now have a machine that cuts it right close to the ground. It grinds it, goes in a 25-ton truck.

MR. SEBODA: That's what they do.

MR. GOLDSTEIN: Add a tractor to it, and then they pull it up to Gladfellow up in Pennsylvania.

MR. SEBODA: One of the -- that's what this is going to do, is going to keep it here in Maryland. As we chip it, they will then bring it straight to the plant.

MR. GOLDSTEIN: Well, that's if your price is competitive.

MR. SEBODA: And it's estimate that it's probably about \$14 a ton. We won't be using the loblolly, just the hardwoods.

MR. GOLDSTEIN: I know, but I'm just saying but now the price is for paper-making. They take the hardwood --

MR. SEBODA: One of the things that we also have is that the Governor has asked us to look at the potential for burning the trash from UMES and from the

facility. It looks like it's going to be a go, and so we will be coming back in to add to the plant --

MR. GOLDSTEIN: Well, if you want plenty of trash, you can probably get a tipping fee from Ocean City. You have the helicopter drop --

MR. SEBODA: If it really goes -- what sparked this is they're having landfill problems in Somerset.

MR. GOLDSTEIN: Well, sure. They're having it in Worcester, too.

MR. SEBODA: And, if that one works, then we can expand it to begin taking care of all of their trash.

MR. GOLDSTEIN: They'd have to sort it out, take the cans out, bottles.

MR. SEBODA: Yes. And so that what we will then be doing is, as we burn the trash, we'll be selling electricity to Delmarva.

MS. LIEDER: May I caution you, with the new tax bill, that you don't want to get into private activity with that kind of -- if you get more than ten percent of your activity as private --

MR. GOLDSTEIN: If you're getting it from

Ocean City, that's not private. That's government --

MR. LIEDER: No, but selling -- if you get into the business of selling energy and it exceeds ten percent, you're running into trouble with the tax law and the new bonds.

GOVERNOR HUGHES: Well, we won't let anybody know.

(Laughter.)

MR. GOLDSTEIN: Maybe you could an exemption from that tax law, like you did for the Baltimore stadium.

MS. LIEDER: I think the law has been passed.

MR. JAMES: Well, I want to ask a question. Governor, do you expect to cut this ribbon when this place opens?

GOVERNOR HUGHES: The prison? Well, I won't have any control over that. I'll be glad to be there.

MR. SEBODA: Would you like to be invited back? You know, we have already begun to move in. In the Administration Building, the correctional folks moved in about a week or two ago. Slowly, we're now beginning to accept some of the buildings. This is the one that was

going to sink into the mud.

GOVERNOR HUGHES: Yes, right.

MR. SEBODA: Remember that?

MR. JAMES: A dream come true because of you. That's what McKeldon said to Lane when he opened up the Bay Bridge, and he said, "I made up a poem about you," and he said the poem goes like this, "A dream come true because of you." Let's give McKeldon a call.

Can we go next to 10? I think we ought to have a little --

MR. SEBODA: 10-GM is the acquisition of the Independence as the state vessel, and I think we have Captain Porter and Lee Zeni.

MR. NELSON: Director of the Tidal Administration, Dr. Torrey Brown.

MR. ZENI: I'm Lee Zeni, Tidewater Administration, Department of Natural Resources. Good afternoon, sir. This particular agenda item is a culmination of several years of search for a suitable vessel to replace the Fifty-Fifty.

As you know, Governor, you've had to turn down

quite a few trips on Fifty-Fifty, because too many people requested to go, and you had troubles with engines and bottom and all the rest; and so, several years ago, we decided to search, and we did search donations. Went up and down the East Coast looking at boats confiscated in drug operations and have not been able to come up with a suitable vessel.

At this time, recently, Mr. Herbert Molz and his wife offered the vessel Independence to the state of Maryland in a package, which included trade-in of the Aurora, some cash and some donation. We proceeded to have a marine survey. The survey showed that the Independence, if you were to build it today, would cost \$2,000,000 approximately; if you were to go out and purchase it on the market today already built, close to \$1,000,000; so that it seemed to be an offer that the state could well accept, especially with the interests that have been generated because of the Chesapeake Bay program, the people that wanted to go onto the Bay. For example, we have several letters from federal agencies, who have gone out there, expressed the fact that taking

people out on the Bay has allowed them to educate various other agencies about the Bay and what its needs were and why we were doing this, and that they felt there was a great deal of success in terms of their efforts to get additional monies into the Bay.

So, all in all, I think what we have here, sir, is a vessel that should represent Maryland on the Chesapeake Bay and its tributaries; and Maryland deserves the best, and I think we have the best.

We have Mr. Herb Molz here, who is the present owner, and, also, Captain Harry Porter. We know he knows the Bay very well and knows boats very well. They're here to answer any particular questions, and I can stand and answer questions on financing, whatever, whichever you desire.

GOVERNOR HUGHES: I think you might mention how it will be purchased and give the figures and where the source of funds is.

MR. ZENI: Yes, sir. The way we would purchase this, of course, is in terms of cash, which is \$400,000 cash; but I might point out that -- I'd like to

put it up here, so you can see what we're talking about -- \$400,000 cash; and the way that cash would be accumulated would be \$57,000 that would come from the sale of Fifty-Fifty, \$59,000 which would come from --

MR. JAMES: Go slower, will you? 59,000 for sale of Fifty --

GOVERNOR HUGHES: Fifty-seven thousand.

MR. JAMES: Fifty-seven.

MR. ZENI: Fifty-seven thousand.

MR. JAMES: From sale of Fifty-Fifty, right.

MR. ZENI: Fifty-nine thousand, which would come from the Boat Act monies. That's titling funds that goes into a special fund used for boating activities; and 284,000, which would come from what we call indirect costs coming from federal programs. That comes from the fact that, after the budget had been submitted and approved, we received several federal grants, in particular a \$2,000,000 Coastal Zone Management grant and, also, some fisheries grants.

MR. JAMES: How much was that? How much was that figure?

MR. ZENI: Two hundred and eighty-four thousand dollars, Senator. What that indirect cost is, that the federal government says that, when we give you a grant, you're allowed a certain percentage of that grant for administering that grant. We were able to administer those grants without any additional expenditure of state funds; therefore, those funds are unappropriated and available to us to expend, and we would like to expend them on this purchase, since that we're able to take care of those grants with the current state budget. Then it would be \$236,000 approximately for the turn-in value, so to speak, or trade-in value on the Aurora, and that is the value of the survey that was conducted to determine its trade-in value; and then the remainder between the asking price, which was \$795,000, and those two figures of 136,000 approximately is a donation from the owners to the state of Maryland.

Now, he's been -- I should say the owners have been very happy with the idea of having the Independence sail the Bay, because he would like to start an industry here in Maryland, which would do this sort of thing on

other vessels; and he feels having the Independence up and down the Bay and in its tributaries is probably the best advertisement he could buy. So I think that donation is well worth it to him and to us.

MR. GOLDSTEIN: May I ask a question, Governor? Mr. Zeni, how old is this boat?

MR. ZENI: Well, the boat actually was built in 1944, sir. It was originally --

MR. GOLDSTEIN: Built where?

MR. ZENI: Excuse me?

MR. GOLDSTEIN: Where was it built?

MR. ZENI: It was built in Nova Scotia, actually built as a sub-chaser for the U. S. Navy, known as the Q-120. Then Mr. Molz acquired that and stripped it right down to its ribs, and it was out on dry land for a couple of years, at which time all of the wood dried out, and they put this fiberglass on it, 3/8 of an inch fiberglass.

MR. GOLDSTEIN: When was the fiberglass put on it?

MR. ZENI: Well, the boat -- Mr. Molz is here

to give you the exact dates, but it was all finished with new equipment and everything else in 1980, at which time the surveys would show that one can consider this a new boat as of 1980.

MR. GOLDSTEIN: All right.

MR. ZENI: So, if I were to answer your question honestly, Mr. Comptroller, I would say that the boat is six years old.

MR. GOLDSTEIN: Have you had all the motors tested and the electrical wiring tested and the plumbing?

MR. ZENI: Sir, we've been over this boat carefully. People have been out on it. It came down from Baltimore the day before yesterday. It's down at the state pier right now, available for anybody to go aboard. It's been operating, been out on charter boats out of Washington, D. C.

We have ten days, sir, from the date of purchase or from your approval, anyway, to make all the inspections we need before we take final possession. The contract does read -- and we wrote the contract some time ago -- that we would take possession on -- it

would be, at least, made available for possession on November 20, which would be tomorrow.

MR. GOLDSTEIN: Well, why would you want to take possession all during the winter? How many people are you going to have to have to operate this boat, in personnel, I mean, permanent personnel that you'd have to pay on a payroll, pay their Social Security and their health and all the fringe benefits? How many people?

MR. ZENI: Well, we have made a request in the budget -- there's nothing on this agenda item dealing with personnel -- asking for three additional people to man the Independence. Three people would be assigned that are now on the Aurora.

MR. GOLDSTEIN: So there would be six then. Three plus three would be six.

MR. ZENI: So there would be six.

MR. GOLDSTEIN: Six people.

MR. ZENI: Yes, sir.

MR. GOLDSTEIN: And what would that cost annually?

MR. ZENI: Well, the increase that we've asked

in the budget item for the three people is \$58,000. We're currently spending about -- with three people on the Aurora, the salaries run at 60,000. That's with fringe. So we're talking salaries around 120,000, plus fuel and maintenance. So I think the figure that was given to you the other day, that the operating costs for the Independence over a period of years could be anywhere from about 150 to 180 thousand dollars. I think we have to put that in context, Mr. Comptroller, in the sense that we have two vessels now. You know, we have the Aurora and the Fifty-Fifty operating, although the Fifty-Fifty has not been --

MR. GOLDSTEIN: Well, the Fifty-Fifty, you rent that. You paid -- you sold that, and then somebody fixed it up, and you're now paying -- leasing it so much a trip, so much a period of time.

MR. ZENI: That's right, sir, \$800 a trip --

MR. GOLDSTEIN: Yes.

MR. ZENI: -- over 60 trips that we had this year is \$48,000.

MR. GOLDSTEIN: Right.

MR. ZENI: Which, of course, there was no return.

GOVERNOR HUGHES: Wasn't the maintenance pretty high on the Fifty-Fifty?

MR. ZENI: Yes, sir. The owner, after he bought it from the state for \$57,000, put \$200,000 into overhauling the bottom and before we leased it this past summer, and he's not finished yet.

MR. GOLDSTEIN: Well, now, I understand that, from the captain and several people, the Aurora -- even the Governor said it -- you couldn't use it in rough water. It was top-heavy, rolled. Is that right, Governor, it rolled?

GOVERNOR HUGHES: The Aurora, yes.

MR. GOLDSTEIN: That's right. Now, how about this vessel here? Have you all tested that in rough water?

MR. ZENI: This one, sir, has been in the North Sea.

MR. GOLDSTEIN: Sir?

MR. ZENI: This one has been in the North Sea

during --

MR. GOLDSTEIN: I know. That was during wartime.

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: Yes. I've seen a lot of them down in the Philippines and Guam. That was a different kind of situation.

MR. ZENI: I think this is very stable.

MR. GOLDSTEIN: You didn't have your women on there, and they get seasick and all that foolishness. See, now, this is a pleasure boat now. This is not a wartime boat. This is a different kind of proposition altogether now. We're talking about a pleasure boat. You said it was going to be used to enhance the Chesapeake Bay. Going to take around women, and you and your girlfriends will be going out on this boat and enhance the Chesapeake Bay. I understand that.

MR. ZENI: I don't have any girlfriend.

MR. GOLDSTEIN: That's a big difference today and the wartime.

MR. JAMES: How many girlfriends do you have,

Doctor?

MR. ZENI: I think the weather we have on the Bay itself --

MR. GOLDSTEIN: Sir?

MR. ZENI: With the weather that we have on the Bay, compared to the ocean, if you went out on the Independence, I think you'd feel that you were on an ocean liner.

MR. GOLDSTEIN: Let's get something in the record. Suppose some other state agency wants to use this boat besides Natural Resources, will they have an opportunity to use this boat?

MR. ZENI: Sir, the only person --

MR. GOLDSTEIN: And what kind of red tape would they have to go through to get it?

MR. ZENI: The only person that approves the vessel's use is the Governor.

MR. GOLDSTEIN: The Governor.

MR. ZENI: He is --

GOVERNOR HUGHES: All they have to do is make the request.

MR. GOLDSTEIN: I see.

GOVERNOR HUGHES: Which some do.

MR. ZENI: I have with me all the lists for all the trips in '82, '83 -- '81, '82, '83, and I can read them off to you; but, you know, they run 60 or so each year. All the departments, all of the -- matter of fact, I have a letter here from the hospice group for the hospital; I have here from the Governor's Volunteer Council, DECD. So they all -- matter fact, the Department hardly ever uses it, Mr. Comptroller.

MR. GOLDSTEIN: I see.

MS. LIEDER: We got to use it, too. We used it.

MR. GOLDSTEIN: Good, good. I hope you enjoyed yourself, relaxed you, made you do a better job for the state of Maryland. Well, now, you say you have ten days from the time you agree to buy this boat to make an inspection. Will the sellers put up, say, something in escrow for a year to be sure that the boat operates, and you don't have to spend extra money on it?

MR. ZENI: That's not part of the agreement

that we negotiated.

MR. GOLDSTEIN: Well, I mean, part of the agreement -- we've got to approve the agreement here at the Board of Public Works.

MR. ZENI: But they have in the agreement -- I can break it out -- given us additional donated services, include a two-week orientation to our crew on that, a spring inspection and a report. They will make an inspection with the owner and report to us. They will provide a fall inspection and report and a two-year on-call consultant. That's in addition to their donation. They are offering this service to the state, sir.

MR. GOLDSTEIN: That may be true, but I'd like to see a warranty or hold something in escrow that all the stuff you can't see -- there's a lot of stuff you can't see on this boat.

MR. ZENI: Could I call on the --

MR. GOLDSTEIN: Call anybody you want.

MR. ZENI: -- Mr. Tom Deming here.

MR. DEMING: Mr. Comptroller, there is a

warranty in the contract that's before you for approval. It's a warranty by the seller that the boat is fit for the purpose that it's intended to be used for. He's well aware of the uses that the state intends to make for it.

Now, it is true there is no reservation of money in escrow, but we would have a right of action under that warranty provision, if the boat should prove unfit for the purposes for which it is being purchased.

MR. GOLDSTEIN: That may be true; but, I mean, in other words, can't you put something in escrow to be sure? They may go off some place else. They may not like this weather around the Chesapeake Bay. They may decide to leave Maryland. Here you're paying \$795,000 for a boat that's 42 years old that has been remade over; but it's still got fiberglass, and the boat has got to be maintained, so it won't sweat, so the water won't get in that wood and not have a place to escape.

MR. JAMES: That's with his donation, isn't it?

MR. GOLDSTEIN: Pardon?

MR. JAMES: That figure you gave includes his 136,000 donation, I think.

MR. GOLDSTEIN: Yes. Well -

GOVERNOR HUGHES: A hundred and fifty-some thousand.

MR. GOLDSTEIN: It's 136, isn't it?

MR. SEBODA A hundred and fifty-eight thousand.

MR. ZENI: It's 158,000 donation.

MR. JAMES: A hundred and fifty-eight?

MR. ZENI: Yes, sir; 236 is the value of -- 236,917, the value of the Aurora.

MR. GOLDSTEIN: Now, it's 158,000, you say?

GOVERNOR HUGHES: That's the donation.

MR. ZENI: A hundred and fifty-eight thousand, zero eighty-three. That's the donation in terms of the sale price --

MR. GOLDSTEIN: He said 136 a while ago.

MR. ZENI: -- in addition to the donated services, which we estimate somewhere around \$11,000.

MR. JAMES: Six hundred and thirty thousand is the cost.

MR. GOLDSTEIN: But, see, but you're putting up \$400,000 in cash. Is that right, sir?

MR. ZENI: That's right.

MR. GOLDSTEIN: The figures you gave: \$57,000, sale of the Fifty-Fifty; 59,000, Boat Act money; 284,000, incidental costs from the federal government programs. That's 400,000. Two hundred and thirty-six thousand, trade-in on Aurora. Now there's 158,000 donation; and the total purchase price is 795.

This boat has been on the market for quite a while, hasn't it, long before the state got interested. Is that right, sir? I know, for the last year, they've been talking about buying this boat, this particular boat. Are you familiar with that?

MR. ZENI: Yes, sir. I'm familiar with the fact that we wanted for several years now to be able to come to an agreement on this vessel. I don't know about in terms of it being on the market. I do know that there's been a strong desire on the part of the owners to have that remain in the Bay, in the Maryland Bay in particular.

MR. GOLDSTEIN: That's fine; but, I mean, it may be settled when I ask you this question, to put up so much money in escrow for a year to be sure that the wiring, the plumbing and everything that's in there behind that woodwork, behind that fiberglass, is going to work, and not come back here and ask for additional money.

GOVERNOR HUGHES: The boat has been surveyed, hasn't it?

MR. ZENI: Yes, sir.

GOVERNOR HUGHES: By whom?

MR. ZENI: I have the survey right here.

MR. SEBODA: Elfrey, John Elfrey.

MR. ZENI: By John W. Elfrey Company from Edgewater, Maryland. I think the one statement that's appropriate to read here on that issue -- that he had done a previous appraisal in August of '83 and that it was an increase in the value. Here's the statement I was looking for. "The term 'remanufactured' is used because of the extreme extent of the rebuilding carried out. The vessel is probably better at this point than

when new. It should be considered a 1980 vessel," and it's signed by Mr. John W. Elfrey of the John Elfrey Company.

MR. GOLDSTEIN: Nobody disputes that, sir. Nobody is disputing that. Just like when you're sick, you go to two doctors. One doctor may say you're well; another doctor may say you're pretty bad off, you've got to have an operation. Now, most people get two doctors. Dr. Brown will tell you that. He's a good doctor. Sir, pardon?

MR. BROWN: They get more than two. The owner can tell you it has been surveyed a number of times for insurance purposes and for the purposes of others who were interested in purchasing it, and each time it has passed with flying colors and been remarkable, and it's in flawless condition.

MR. GOLDSTEIN: I don't dispute that, sir; but I feel, in order to safeguard the state's investment, \$795,000 -- you don't buy a boat every day, and you ought to have something like that to be sure that it works. He wants to stay in the Chesapeake Bay. He's

not going to run away from here.

GOVERNOR HUGHES: Well, suppose he would want us to put something in escrow to make sure the Aurora works?

MR. BROWN: I wouldn't doubt that a bit. In fact, that would be very reasonable. I think the negotiations that we've gone through --

MR. JAMES: I don't know that we can buy a boat and then hold off -- how much would you hold back? You'd be holding back a large sum of money. You can't buy --

MR. GOLDSTEIN: I didn't say a large sum of money.

MR. JAMES: You can't buy something and not pay for it.

GOVERNOR HUGHES: We've got a warranty.

MR. BROWN: It has a warranty, yes.

MR. JAMES: I think it's a great deal myself.

GOVERNOR HUGHES: I do, too.

MR. JAMES: And we're getting a very fine yacht, and it's appraised at \$1,000,000. We're getting

it for about 600,000.

MR. GOLDSTEIN: No. You're paying 795,000.

MR. JAMES: No.

GOVERNOR HUGHES: No. He's giving \$158,000.

MR. JAMES: That 158,000 is just a donation that he's not getting any money for.

MR. ZENI: In terms of the warranty, could I read just Article 9 of the agreement, sir? It says, "In addition to any and all warranties provided for under Maryland's Uniform Commercial Code, as set forth in Title 2 of the Commercial Law Article of the Annotated Code of Maryland, and any applicable federal law, the vendor will warrant that there are no outstanding security interests in the vessel Independence."

Now, we looked up what that Title 2 is, and that deals with the product being what it's represented to be; and I think that's what we're saying, is that we have here a 1980 vessel, according to the survey, in excellent, outstanding condition, and that's what it purports to be. That's what the article purports to be, and that's what he warrants it to be in this agreement,

Mr. Comptroller.

MR. GOLDSTEIN: Yes, I understand that.

GOVERNOR HUGHES: We've been looking ever since the Maryland Lady was sold, what, seven years ago.

MR. ZENI: Yes, sir.

GOVERNOR HUGHES: And never found anything that's come close to this.

MR. BROWN: In fact, we've turned down many that were offered.

GOVERNOR HUGHES: That's right.

MR. JAMES: If you go and buy a new boat, you're talking about two to three million dollars, aren't you?

MR. BROWN: Yes. The replacement value of this is \$2,000,000.

GOVERNOR HUGHES: Oh, you can't build this boat for \$2,000,000.

MR. BROWN: And they don't build this kind of boat.

MR. SEBODA: What I did is we checked down through Florida and some brokers; and, if you looked at

GEICO-Shea who's down in Florida and handles the big yachts, they had a 112-foot new one, and that the price is between 2.5 to 3 million dollars; that, if you look at things in the neighborhood of 75-foot and 78-foot, they have prices of 1.4, 1.498. If you look at some of the -- some boats that are made of wood, that were made by Stephens, 1973 version, that they have prices down there of 2.5.

The boat that we were going to get, that DNR had come to us and asked us to have built, which was the icebreaker and the yacht, that was estimated to cost about 1.5 million dollars; and it was an 80-footer, and it had a 24-foot beam; and so that, when you talk about what you're buying, you're buying so much more for so much less.

MR. GOLDSTEIN: But you're still buying a used boat.

MR. SEBODA: Yes.

MR. GOLDSTEIN: Sure. Well, why doesn't the owner get up there and tell us and put it in the record, so we know exactly -- anybody can write something nice,

but let the owner get up there and tell us the condition of the boat and all that.

MR. MOLZ: I'm Herb Molz. I'm President of Capital Boats, Inc., who's the owner of the vessel Independence. I'd be glad to answer your questions, sir.

MR. GOLDSTEIN: What is the condition of the plumbing and the lighting and the wiring and the motors and the things that make this boat work?

MR. MOLZ: The present condition -- our most recent survey was one conducted in July, the latter part of July of this year, and it was commissioned by the insurance company that presently insures the vessel; and the notation that I received from my agent in the form of a letter was that the surveyor was very impressed with the vessel and found her to be in excellent condition. This was the most recent survey. The yacht

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when I say a bare hull, I mean you can walk from the stem to the stern of this vessel on the keel. There was nothing left in her. At that point, from 1978 until 1980, all her plumbing, all her wiring, all her equipment, engines were newly installed. This is why a number of surveyors have indicated that she should be considered to be a 1980 vessel. As a matter of fact, she is insured as such. I have had quotations on insuring the Aurora, and the Aurora would command a higher insurance premium per thousand-dollar value than the Independence does.

MR. GOLDSTEIN: How much is the Independence insured for, sir?

MR. MOLZ: The Independence is currently insured for \$700,000, but the most recent surveyor now has upped that another 100,000. It's very difficult as a manufacturer to bring the insurance up. One must file in writing the improvements that have been made, and the vessel each year has been upped to bring it along. They tend to try to keep you below the market value to self-insure a bit as well; but that letter also indicated --

and it was not something that we had requested, as a matter of fact -- the surveyors have indicated that he would approve 800,000 at this point for the vessel.

MR. GOLDSTEIN: Will you warranty the condition of this boat in order for us to buy it?

MR. MOLZ: Well, I can warrant it to the extent that the vessel, as she stands or as she floats in Annapolis harbor today, is totally operational. She is in excellent condition. I know of nothing that is defective on board, and this is why the contract calls for the total inspection to make sure that everything is working on board.

We just recently bored three additional plugs out of her hull to install some fittings, and these plugs were taken from the waterline area, the turn of the bilge, so to speak, which is the highest stress area on a vessel when she's working in sea; and the plugs were totally pure, as far as the color of the wood was concerned and its lamination.

The key to this vessel is that, in her remanufacturing, the most important factor is the air

circulation. This was one of the big mistakes that were made years ago in wood construction: blocking off areas and thereby allowing moisture to build up. It is the induction of water and the absence of air that causes rot.

This vessel, after it had been fibreglassed, was totally flooded with wood preservatives in order to preserve the wood that is in her. I might add that these plugs, when they were bored, were bone dry.

GOVERNOR HUGHES: Torrey has the plugs.

MR. GOLDSTEIN: That's the same thing we had here the other day.

MR. BROWN: Double plugged --

MR. GOLDSTEIN: Yes, sir.

MR. BROWN: Fiberglass.

GOVERNOR HUGHES: I've seen it.

MR. GOLDSTEIN: In other words, what you're saying, sir, that the circulation on this vessel is such that it won't have this build-up of moisture and lack of air, so the boat will deteriorate; is that correct?

MR. MOLZ: The ventilation system on this boat

runs 24 hours a day. The blowers are constantly circulating the air. It takes air from the bilge area. Air is circulated through the hull, through the outer skin of the hull, in order to maintain an ambient temperature throughout the entire vessel. In the wintertime, she's heated; summertime, she's air conditioned.

MR. GOLDSTEIN: But that means, in other words, you've got to keep these motors running then to circulate that air.

MR. MOLZ: Oh, the blower motors run all the time; yes, that is correct. They have been running since installation in 1979.

MR. GOLDSTEIN: Do you have any objections to putting a sum up in escrow for a year?

MR. MOLZ: Yes. Yes, I do. We required the -- we lowered the price to the bare minimum of our cash necessity to liquidate the funds that we need to clear the title and for the company to pay out, and that's all that's left.

MR. GOLDSTEIN: How long have you had this boat on the market for sale?

MR. MOLZ: We placed the boat on the market for sale -- it was in, I believe, it was June of this year. It was about the time that I talked with Department of Natural Resources then. It was originally on the market back in 1983; and then, at that point in time, I owned the yacht. I then formed my company and sold the yacht to the company. It then went on the market in June of this year.

MR. GOLDSTEIN: Now, '83, you wanted to sell it, but you couldn't probably get any offers on it in '83?

MR. MOLZ: In '83, to tell you the truth, I did not want to sell it. It was forced on me by a divorce action. That is why I bought it back with my own company.

MR. GOLDSTEIN: I see. Well, I don't know anything about that.

(Laughter.)

MR. MOLZ: Sir, it was not my choice. I did not want to sell the yacht.

MR. GOLDSTEIN: Come Saturday, I'll be married

39 years. So I don't know anything about that divorce business. I'm tied down for a long time, maybe 100 years. I hope so. Thank you, sir.

MR. MOLZ: Thank you.

MR. GOLDSTEIN: I think I'd like to hear from the captain, Governor, who will operate this boat. I think it's very important.

GOVERNOR HUGHES: Captain Porter.

MR. PORTER: Good afternoon, Governor, Mr. Comptroller and Senator James. I'm Harry Porter.

MR. GOLDSTEIN: Captain Porter, I know you've been around a long time. Have you checked this boat out, sir?

MR. PORTER: Yes, sir. I've been through her very thoroughly. Everything you've heard, it is my opinion, is the truth.

MR. GOLDSTEIN: Have you ridden on it in rough seas in the Bay? Have you been on the ship?

MR. PORTER: No, sir, I haven't been on this vessel in rough seas in the Bay. No, sir.

MR. GOLDSTEIN: Well, don't you think you

ought to try it out and see whether it's top-heavy like the Aurora or it's too rough for the Governor and his party to ride on it, or some of these other folks?

MR. PORTER: Well, if the Board so desires, I don't see any reason why we couldn't have a cruise on it.

MR. GOLDSTEIN: Well, don't you think you ought to have a trial run to see if she's as comfortable as what they say it is?

MR. PORTER: I think the vessel has the same stability and size of the Maryland Lady, and we made out with her for years and years. I mean, if it gets too --

MR. GOLDSTEIN: I understand that, but this is not the Maryland Lady. This is the Independence.

MR. PORTER: But, if it gets too rough, Mr. Comptroller, we put her head on, and a vessel this size can go head on as long as the wind blows. We just have to adjust to this. If it's too much sea one way, we adjust to it and work your boat quarter on and adjust to the roll; and we don't try to stay out there -- and, if it's too bad, we get in.

MR. GOLDSTEIN: Yes, but you --

GOVERNOR HUGHES: There's no comparison between this boat and the Aurora as far as seaworthiness.

MR. PORTER: No comparison, no, sir. I mean, this boat --

GOVERNOR HUGHES: It's half the size of this boat, the Aurora is.

MR. PORTER: There is such a thing, if the sea gets too bad, it gets too bad for any vessel, and they're going to roll. So you work your boat.

MR. GOLDSTEIN: I understand that; but, see, storms come up unexpectedly sometimes, you know.

MR. PORTER: That's right. So, when you get caught in them, you do the best you can and come on in.

MR. GOLDSTEIN: I see.

GOVERNOR HUGHES: That's why it's nice to have 112 feet under you, isn't it?

MR. PORTER: Might be a little discomfort sometimes, but that could happen on any boat.

MR. GOLDSTEIN: You now operate the Aurora with three personnel; is that right?

MR. PORTER: That's right.

MR. GOLDSTEIN: Does that include you or three besides you?

MR. PORTER: That's two besides myself.

MR. GOLDSTEIN: Two besides you. So now this vessel will have five plus you, six?

MR. PORTER: That is right.

MR. GOLDSTEIN: Will that be sufficient to operate her?

MR. PORTER: Well, yes. It all depends on how much work you put on, how many guests. If we're going to take 40 or 50 guests, they've got to be served. We've got to think about their safety and their security and, also, working the vessel. So six would be a minimum number.

MR. GOLDSTEIN: Thank you, sir.

MR. PORTER: Thank you.

MR. JAMES: Is the depth that this vessel requires suitable to get into the harbors of the Bay?

MR. PORTER: Yes, sir, very suitable.

MR. JAMES: Okay. Well, I think we've heard

everything, Louis.

GOVERNOR HUGHES: I might say that you have done some communication of this to legislative leadership, have you not?

MR. BROWN: Yes, sir. I've talked to probably a third of the Legislature. They all are supportive. They authorized the last purchase, and that's practically a yacht, because that was the second choice. So they're aware of it. A number of them have seen it, and they're supportive of it. In fact, I have not had anyone say not.

MR. ZENI: I have a letter here from Senator Levitan, in which he expresses the importance of going out on the Bay in Fifty-Fifty, when he took B&T out, sir.

GOVERNOR HUGHES: I've discussed it with the Governor-Elect, and he agrees with me that it's a good decision to get the boat. I just wanted to put that in the record.

MR. JAMES: It will relieve him of the responsibility of buying a boat. He ought to be very happy. I think this is an excellent deal myself. I

don't mind at all making a motion to approve it. I think we're getting a very good boat at a very low price.

MR. GOLDSTEIN: Well, I'll second the motion now with everything in the record. If something goes wrong, we'll know who to blame it on.

GOVERNOR HUGHES: It's been moved and seconded that the item be approved, Item 10-GM. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved.

MR. ZENI: Governor, could I request that the Board sign the agreement this afternoon?

MR. GOLDSTEIN: I'm not going to sign it today. I want to see it. I haven't seen the agreement. I'm not going to sign it today until I read it, I can tell you that.

MR. ZENI: Can I give it to the Secretary then?

MR. GOLDSTEIN: I'm not going to be rushed into anything like that.

MR. JAMES: What's your next one, Louis?

MR. GOLDSTEIN: Let's see which item I've got here.

MR. JAMES: I don't think we need anything on that stained glass window, do we?

MR. GOLDSTEIN: Well, Item 15, we got that okay the other day. That was explained.

Howard County, Patuxent River, Item 19, let's see.

MR. JAMES: My next one is 22. My next one is about -- we were told they were going to get some information about --

MR. GOLDSTEIN: Item 22?

MR. JAMES: They were going to get some information about the Raley property.

MR. GOLDSTEIN: Frank Raley.

MR. JAMES: Frank Raley property, yes.

MR. SEBODA: Yes. If you go down, the St. Mary's City Commission has been getting about three

percent rent on their properties; that one of the things that we've talked about, if you wanted it, we could bring the actual lease back to you when the lease --

MR. GOLDSTEIN: They'll be paying 285. So it will be three percent of 285?

MR. JAMES: So it's almost 9,000. It would be about, what, about seven --

MR. GOLDSTEIN: So that will be only \$855.

MR. JAMES: About \$800 a month.

MR. GOLDSTEIN: That's a bargain.

MR. SEBODA: And then also by virtue of the fact that he leases it back and he lives in it, that gets us out of relocation and moving.

MR. GOLDSTEIN: And he maintains it.

MR. SEBODA: Right.

MR. GOLDSTEIN: You've got to be damn sure he maintains this house.

MR. HEINEMEYER: Yes, sir. That's why it's a lease contract.

MR. GOLDSTEIN: I know that's one of the ones that John Hansen Briston and them put into effect down

there. I've been by it. I haven't been inside.

MR. JAMES: I was in there one day a long time ago. I was in there one day a long time ago. It's a pretty good house.

MR. SEBODA: Basically, that along the waterfront within the take lines, that's the last piece of property to be acquired.

MR. GOLDSTEIN: See, that's what John Lukemeyer and I made them do. You know, they were buying all the back land and not acquiring the waterfront.

MR. SEBODA: If you're interested, I said the blue is what we --

MR. GOLDSTEIN: Governor, it's J. Frank Raley's house they're buying down there, 285,000.

GOVERNOR HUGHES: Oh, yes.

MR. SEBODA: The yellow is Frank Raley's house; and, as you can see, this will close in the whole waterfront area and just about finish it out.

GOVERNOR HUGHES: Oh, this is?

MR. GOLDSTEIN: Yes, sir. See, that's the

time that John Lukemeyer and I went down there. They were buying all this back land, but they weren't getting the waterfront, and they were waiting for the price to go up.

GOVERNOR HUGHES: It's a pretty nice house, too.

MR. GOLDSTEIN: Sir?

GOVERNOR HUGHES: It's a pretty nice house.

MR. GOLDSTEIN: Yes, it's a nice house.

GOVERNOR HUGHES: I was down there years ago. I haven't been down there recently.

MR. JAMES: Beautiful view.

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: Okay.

MR. SEBODA: Item 30 we are going to withdraw, and that this was by agreement of the Department of Natural Resources, because they are now able to be in a situation where they can pay a lump sum rather than spreading the payment over two fiscal years. We'll bring it back to you again, after we contact the owner, at the next Board meeting.

MR. GOLDSTEIN: 30A.

MR. SEBODA: 30A is the purchase of 57 acres at Black Walnut Point. Black Walnut Point is at the end of Tilghman Island where the Bay meets the Choptank River. Mike, you want to tell them about the use?

MR. NELSON: Sure. This represents a Bay access acquisition for us. The State Comprehensive Outdoor Recreation Plan identifies Kent and Tilghman Island as being two areas with a great potential for Bay-oriented recreation and educational activities.

This particular parcel is roughly 58 acres. It has 6,100 feet of shoreline, 2,500 along the Bay and about 3,600 along Black Walnut Cove. From a natural resource standpoint, it is a major staging area for migratory waterfowl and songbirds as they go to Central America. It is also a migratory stopping point for the monarch butterflies.

We feel that, if we were to improve the area with some plantings and some ponds, it could very well be a very significant waterfowl sanctuary. The amenities that exist on the site lend themselves not

only to environmental education and research, but also to some more revenue-positive sorts of activities, such as conference activities or, perhaps, even a "bed and breakfast." There are some cottages on the area that lend themselves to a rental sort of situation. So we feel not only can it be a Natural Resources Management Area that has great opportunities for public use, but it also can generate sufficient revenues to assist in its operation.

We've got a concept plan, which will show you at least some idea of the magnificent view that you get from the point, as well as the structures and some of the shore erosion control, which is particularly important to an area located as this one is.

MR. JAMES: Mike, can you tell us what classification this will have?

MR. NELSON: Yes, sir. We'd like to make it a Natural Resources Management Area rather than a park or a forest area, because it gives us a great degree of flexibility in the kind of activities that we can promote and have there. We've done this before with

areas, such as Wye Island and --

MR. JAMES: What do you do -- along the westerly side, are you going to permit people to come in and fish?

MR. NELSON: Yes. In fact, right now, this is the old -- there's an old Coast Guard station or observatory tower right here that you may be familiar with, and people at this point now fish all along here. We'd like to expand that to really provide a great deal of access for those who would like to --

MR. JAMES: What do they do, fish right off the shore?

MR. NELSON: Absolutely.

MR. GOLDSTEIN: Yes. There's big stone jetties there.

MR. JAMES: Yes.

MR. GOLDSTEIN: Let me ask you this. You say now -- is anybody, a caretaker, living on the place now?

MR. NELSON: No, sir. There is presently an individual that has helped the owners of the property to take care of it. We had some thought of, perhaps,

trying to get a seasonal contract with him until we can free up a position within the department to assign someone to live right there.

MR. GOLDSTEIN: You know, if you don't do something as soon as the state takes title to it, things will start happening down there. So much of your property you acquired, the buildings start deteriorating, people take the plumbing out and the fixtures. As soon as the word gets around that the state has bought it --

MR. NELSON: Well, in this case, buildings are an asset to us. We feel these buildings are the key to making --

MR. GOLDSTEIN: That's fine. Fine, but you'd better put somebody there to take care of them.

MR. BROWN: The Governor has volunteered to live there.

(Laughter.)

GOVERNOR HUGHES: Really, I wouldn't mind that.

MR. GOLDSTEIN: I make a motion that Governor Harry Hughes be given a one-year residency at Black

Walnut Point.

(Laughter.)

MR. JAMES: At three percent.

GOVERNOR HUGHES: There you are.

MR. GOLDSTEIN: Yes, sir. Three percent of the purchase price.

MR. NELSON: We will do that, Mr. Comptroller.

MR. GOLDSTEIN: Right. No, but you and I -- the place now is in first-class condition.

MR. NELSON: Yes, sir.

MR. GOLDSTEIN: You see, and now unless you take care of it, you know what's going to happen. Here's wintertime coming along.

MR. NELSON: Pipes will freeze.

MR. GOLDSTEIN: That's exactly right. The first thing you want to do right there now is drain the pipes if nobody is going to be there.

MR. NELSON: We're going to put someone in immediately.

MR. GOLDSTEIN: Drain the swimming pool, because, once it starts deteriorating, you're finished.

I mean, I can just give you chapter and verse. You saw what happened over there at Sandy Point. You know what happened up here in Prince George's --

MR. BROWN: We will not let it deteriorate.

GOVERNOR HUGHES: It includes this --

MR. NELSON: Yes.

GOVERNOR HUGHES: Oh, it does?

MR. NELSON: This is basically the north/south shot of it. The main house --

MR. GOLDSTEIN: Governor, to give you some background, the Navy had that property for a long time --

MR. BROWN: No, sir.

MR. GOLDSTEIN: -- and then they offered it to the state of Maryland; and the erosion was so bad, we wouldn't take title to it.

MR. BROWN: No. We finished searching the title this morning. The Navy never did own it. Talbot County had a right-of-way across it that they eventually gave to the three owners that had three pieces of property there, and it was eventually put together in one piece. The Navy owned a fragment behind it, this

Coast Guard station; but they never owned the tip of the island, this piece of property, nor did the state ever own it.

MR. GOLDSTEIN: I say the state, no, but somebody offered to give it to the state.

MR. BROWN: No.

MR. GOLDSTEIN: Somebody offered to give it to the state right here at this Board of Public Works.

MR. BROWN: What happened, we think, is that Talbot County offered its right-of-way, the usual procedure, across it to the state when they abandoned the right-of-way across the property.

MR. GOLDSTEIN: And we wouldn't take it because of all the erosion.

MR. BROWN: That's correct, but it was not the property. It was the road, right-of-way. Now, since that time, a significant amount of erosion control has been placed in there. We had our Shore Erosion Control Division go down yesterday and do a site inspection; and, Len, you want to bring the -- we have a report to show you on the quality of the shore erosion control

work down there.

MR. GOLDSTEIN: You see what's down there now. I dropped down there. It was the last Saturday in October. They had "Tilghman Island Days." That was the last time I was down there.

MR. BROWN: This is the property here; and Len, you want to explain the --

MR. CASANOVA: Yes. The property starts at this point. It's being protected by a system of timber bulkheads and stone revetments and so on. They're all in good condition all around the point into the marshy area. That definitely covers at least 3,000 feet of shoreline. The rest of the shoreline up through a certain point up here, it's pretty well protected naturally with grasses and marshy areas and so on.

MR. BROWN: But it needs no shore erosion work now.

MR. GOLDSTEIN: Is this the Navy --

MR. NELSON: Yes, sir. That's where the observatory tower is.

MR. GOLDSTEIN: The observatory right here.

Here's where they fish right here.

MR. NELSON: That's correct.

MR. GOLDSTEIN: That bulkhead.

MR. CASANOVA: In that area, work was done by the County program for about 1,300 feet. The Army Corps did another 350 feet to protect the road. So the access is secured except for the Navy property. There's a little bit of work to be done on --

MR. GOLDSTEIN: Can you get the Navy property?

MR. NELSON: We'd like to, because, for example, from the standpoint of observation of the waterfowl and all, to have this tower here would really be fantastic; and we might approach the Congressional delegation to see if they would look into it for us. It appears to be abandoned.

GOVERNOR HUGHES: Not "might," you are.

MR. BROWN: We are. They said yes, too.

MR. JAMES: Okay.

GOVERNOR HUGHES: It's a pretty piece of property.

MR. GOLDSTEIN: I move we approve it.

MR. JAMES: Second.

GOVERNOR HUGHES: It's been moved and seconded that Item 30A-RP be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved. That's a nice spot.

MR. JAMES: I don't really have anything else that's of importance.

MR. GOLDSTEIN: Leases, that lease there, let's see here a minute.

MR. JAMES: Yes. They've got some leases, but they all --

MR. GOLDSTEIN: 36 on page 39.

MR. SEBODA: 36 is a lease of 107 parking spaces through Department of Licensing and Regulation. The rates in here are pretty good rates, the average one right downtown today.

MR. GOLDSTEIN: They've really gone up, haven't they?

MR. SEBODA: It's about \$110, \$120 downtown.

GOVERNOR HUGHES: A month?

MR. JAMES: Yes.

MR. GOLDSTEIN: Really gone up.

MR. SEBODA: Parking in downtown Baltimore is out of sight.

MR. JAMES: Well, with all the development there --

MR. GOLDSTEIN: The previous rate was 50. Now it's 75. Then it goes up to 85, 95, 105 and 115.

MR. SEBODA: Five years from now, we will be at the rate that they are charging the general public. That's when we hit the 115. Today it's 115, 120.

MR. JAMES: Okay.

MR. GOLDSTEIN: All right. This Item 42, Arnold. He explained it the other day. They need that space.

That Washington, D. C., Hall of States, nothing we can do about that.

MR. JAMES: No. We're stuck on that one. The procurement request for St. Mary's

College, that's 48-EX.

MR. SEBODA: Yes. What that is, is to give inspection services for the dormitories. Originally, this wouldn't have been an expedited procurement. The proposals were due in today. The original schedule was set when the Board meeting was next Wednesday, and so I actually have the proposals. I just don't know what they are.

MR. JAMES: Okay. And we've got some reports. Nothing we can do about those, expedited procurement reports, 49, 50 and 51.

MR. GOLDSTEIN: That 50-EX down at the Harbor Park Garage, that's \$75 rent a month.

MR. SEBODA: If you'll recall, we came back on this; that some of the present parking spaces, they were going to charge us 110. What we did is consolidated it and moved into a consolidated package, so that we could try to get a better price, and we did; and so that this item actually represents a savings over what we were getting before.

MR. JAMES: A fringe benefit.

GOVERNOR HUGHES: It really is.

MR. JAMES: I remember when May Lenning was working in Baltimore, she had to park her car and drive from Greenbelt. She told me it cost her \$6.00 a day to park.

MR. GOLDSTEIN: How much?

MR. JAMES: Five or six dollars a day at that time and, of course, five days a week, that runs into money. It runs into \$100 a month.

MR. SEBODA: Can we have a motion to approve --

GOVERNOR HUGHES: Yes. You want to approve Earl's agenda?

MR. JAMES: I'll move it.

MR. GOLDSTEIN: Second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the General Services agenda be approved except for those items previously acted on. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The

agenda is approved.

(Whereupon, at 3:00 p.m., the proceedings  
in the above-entitled matter were adjourned.)