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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;

SANDRA K. REYNOLD, Secretary, Board of
Public Works;

EARL SEBODA, Secretary, Department of
General Services;

LOUIS H. STETTLER, III, Secretary,
Department of Budget & Fiscal Planning;

FREDERICK L. ESKEW, Assistant Secretary,
Capital Improvements Program,
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: Department of
Transportation.

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

Today, we have 30 items on the Agenda. We
have one revised item, 24-GM, on page 44. We have two
hand carried items: 29-RP, on page 46; and 30-RP, on
page 48. Those items were handed out at the pre-Board
meeting.

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

MR. GOLDSTEIN: My first item, Governor, is
Item No. 8-AE-MOD, on page 15, unless Bill's got one
ahead of that.

MR. MILLER: 8-AE? Mr. Agro will explain
that item.

MR. JAMES: Well, what is --

MR. GOLDSTEIN: Just one minute, now.

GOVERNOR HUGHES: Just a moment.

MR. JAMES: Are we going to be furnished with

the unit prices on 3? -- I mean, 2. No, 3 -- 3, rather.

MR. GOLDSTEIN: Item 3, wasn't it?

MR. JAMES: Yes, do you think it ought to be in the record?

MR. GOLDSTEIN: I think so.

MR. JAMES: It's \$24-and --

GOVERNOR HUGHES: 62 cents.

MR. JAMES: Yes.

GOVERNOR HUGHES: On Item 3-AE --

MR. MILLER: Item 3-AE?

MR. JAMES: We're going to put the unit prices in the record on that one. The Agenda item just has a flat figure, and it doesn't indicate what the unit prices are, and whether they're in line with what we've been paying elsewhere. Mr. Agro gave me a figure on Monday of \$24-and --

MR. MILLER: I think he can give you that figure.

MR. JAMES: Yes.

MR. GOLDSTEIN: 24.62, wasn't it?

MR. JAMES: Yes.

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

For the record, this is a survey and engineering contract that was procured by the Department of Transportation under delegated authority.

The department solicited three technical and price proposals, but only received one. They evaluated the technical proposal, and found it acceptable.

Therefore -- received with this contract, the unit pricing of the contract for office design services will be \$24.62. As compared with other contracts that the Administration has recently executed for District 4, the rates were \$24.86 and \$24.70. So, the rate was competitive with what is being conducted in the marketplace.

MR. JAMES: Since this seems to be sole source, I thought it would be better to have those figures in the record to show it's in line. Okay. Thank you.

And 8 is my next one, Louis.

GOVERNOR HUGHES: All right, No. 8.

MR. AGRO: Item 8 is a contract modification for project planning services in conjunction with the planned project of the intercounty connector. The intercounty connector is a new project, which runs from I-370, just east of Maryland 355 in Montgomery County, to U.S. 1 in Prince George's County. It's approximately 14 miles of proposed roadway.

MR. JAMES: No federal money.

GOVERNOR HUGHES: Not on here.

MR. GOLDSTEIN: The construction costs are 207,000,000. I think, the other day, you said it would be around 35,000,000 for the right of ways?

MR. AGRO: Yes, sir. If I can give you a better breakdown of those costs, 207,000,000 is the total cost of the project as stated in today's costs; 35,000,000, that is right of way.

MR. GOLDSTEIN: The 35,000,000 is included in the 207?

MR. AGRO: Yes, sir. Yes, it is included.

MR. GOLDSTEIN: Well, the other day, it

wasn't, you said.

MR. AGRO: I indicated it was not; that's correct. The construction costs are estimated at \$156,000,000; and design costs, approximately \$16,000,000.

MR. GOLDSTEIN: 60?

MR. AGRO: 16.

MR. GOLDSTEIN: 16.

MR. AGRO: For a total of \$207,000,000. That's in today's costs. This project is not funded within the consolidated Transportation program. The Department will be dependent upon some revenue source becoming available to support the project.

MR. GOLDSTEIN: So, 156,000,00; the 16; plus the 35,000,000 is 207?

MR. AGRO: That's correct.

MR. GOLDSTEIN: It's an expensive piece of road.

MR. AGRO: (No response.)

MR. GOLDSTEIN: Today's cost.

MR. JAMES: Well, we're spending \$2,000,000

here for studies without it even being in the program; would that be correct?

MR. AGRO: The \$2,000,000 I've just cited here is not included in that amount of dollars I cited today.

They're the project planning costs, until such time as the project moves into the construction program --

MR. JAMES: Well, what are we talking about: something ten years away?

MR. AGRO: I beg your pardon?

MR. JAMES: What are we talking about: something ten years away?

GOVERNOR HUGHES: Probably.

MR. AGRO: Conceivably.

MR. JAMES: Before anybody even starts.

MR. AGRO: Conceivably.

MR. GOLDSTEIN: Well, see, that's --

MR. AGRO: It's not something within the current six-year program of the Department of Transportation.

MR. GOLDSTEIN: So, the 207,000,000 base cost

--

GOVERNOR HUGHES: It could be much more.

MR. GOLDSTEIN: -- doesn't include the ordinary -- what? -- say, four or five percent inflation?

MR. AGRO: Four percent inflation ten years from now, you're talking --

MR. GOLDSTEIN: So, in other words, it will be 300-and-some odd million.

MR. AGRO: Yes, sir.

MR. GOLDSTEIN: That's an awful expensive piece of road, isn't it?

MR. JAMES: Well, why are we doing this right now? Why would we be doing this?

GOVERNOR HUGHES: Because you have to do this before you put anything into construction.

MR. AGRO: This has been a project that has been a need of the area.

GOVERNOR HUGHES: 15 years.

MR. AGRO: It has the support of the majority of the elected officials in the area.

MR. JAMES: Well, now you're getting to the point.

(Laughter.)

GOVERNOR HUGHES: Well, one of the worst traffic problems in Montgomery County is the lateral movement --

MR. AGRO: That's correct.

GOVERNOR HUGHES: -- and there was the proposal for sort of an outer beltway years ago --

MR. AGRO: That's correct.

GOVERNOR HUGHES: -- and Prince George's would not go along with it; and so, it's just been a long time.

MR. AGRO: In its original scheme, it was called the "outer beltway."

GOVERNOR HUGHES: As a matter of fact, they had the right of way reserved, as I recall. The "Rockville Freeway," it was called.

MR. AGRO: That's correct.

MR. JAMES: Well, I just was thinking that before we spend a lot of money, something really ought

to be in sight.

MR. GOLDSTEIN: Well, it's nothing cheap.

GOVERNOR HUGHES: Well, even if it were in sight, it still wouldn't be in sight within five years, which would be the -- it still wouldn't be in the construction program.

MR. AGRO: This would not be in the construction program. The whole purpose of segregating these type of projects from our construction program is to allow us to continue with the necessary planning leading to design. Should an additional revenue source become available, we can proceed with a certain construction partial project conceivably. In fact, there are agencies in the department in Montgomery County for the county to actually construct certain segments of this project.

MR. JAMES: Well, by the time you finish with this contract, it will be a lot more than \$2,000,000.

MR. GOLDSTEIN: Well, he said it will be ten years, and will be four percent and five percent a year. So, it will be 300-and-some million.

Are you doing the same kind of study to a high level bridge over Kent Narrows?

MR. AGRO: Yes, sir.

MR. GOLDSTEIN: Are you restudying that now, too?

MR. AGRO: That's currently under study, yes.

MR. GOLDSTEIN: When will that be advertised?

GOVERNOR HUGHES: Advertised?

MR. AGRO: I don't believe the final decision has been made as to when that bridge will be constructed.

MR. GOLDSTEIN: Well, you see, you're going to still have a bottleneck. You're getting ready to spend -- you're spending money on either side of it to widen the road and access, but you're still going to have the bottleneck.

MR. AGRO: Well, the design plans for U.S. 50 on the Eastern Shore, at the present time, provide for upgrading the existing structure to a three lane -- a six lane facility. That's not going to eliminate the opening and closing of the bridge, obviously.

MR. GOLDSTEIN: Well, that's a four lane bridge.

MR. AGRO: That's correct. It's a four lane bridge, and we're proposing to expand it to a six lane bridge.

MR. GOLDSTEIN: Well, isn't that foolish to expand it to a six lane bridge and not raise it?

MR. AGRO: Well, it's a lot more expensive to construct a high span bridge. You're probably talking over \$40,000,000 to construct a high span bridge.

GOVERNOR HUGHES: More than that, wouldn't you think?

MR. AGRO: At today's cost --

MR. GOLDSTEIN: Well, you're still going to have the bottleneck. You're still going to have to raise and lower the bridge. So, here, you're talking about spending about \$400,000,000 by the time you finish it. I guarantee you it will cost \$400,000,000. If I'm around, I can say "Here, I told you so," and that's just as important.

MR. JAMES: Do you expect to be here, and

tell him "I told you so"?

MR. GOLDSTEIN: I don't know where I'll be, but I hope to be around somewhere.

(Laughter.)

MR. GOLDSTEIN: I'm an optimist. I'm an optimist --

GOVERNOR HUGHES: Okay. Thank you.

MR. GOLDSTEIN: -- thank you -- with enthusiasm. Okay. Thank you.

MR. JAMES: Well, this is --

MR. GOLDSTEIN: How about Item No. 9-AE, page 17? That's a big jump in that contract.

MR. AGRO: Item No. 9 is, again, a contract modification for design services on Maryland Route 32 to compensate the consultant for design work in conjunction with water, sewer, gas and electric relocations along Maryland Route 32 in the area of Fort Meade.

MR. GOLDSTEIN: Thank you, sir.

GOVERNOR HUGHES: Within Fort Meade?

MR. GOLDSTEIN: And how about Item 10-AE,

down there at the Harry Nice Memorial Bridge?

MR. MILLER: Yes, sir. Mr. Mohler is here to address that item.

MR. MOHLER: Good morning. My name is Jack Mohler from the Maryland Transportation Authority.

This item is for additional funds for the shop drawing review for the consultant, Greiner Engineering, for the construction of the rehabilitation project at the Harry W. Nice Bridge.

MR. GOLDSTEIN: Now, this will take care of all of those extra-heavy loads of this new trucks going across there carrying 80,000 pounds?

MR. MOHLER: The construction project that this is related to will, yes.

MR. GOLDSTEIN: What was the original bridge, when it was constructed --

MR. MOHLER: It was H-20 loading, which was 16 -- axle load with the 30 percent type load with a box type truck.

MR. GOLDSTEIN: Well, how many tons? I'm just talking about tons.

MR. MOHLER: The total tonnage, I believe, was for 20 tons -- 20,000 pounds.

MR. GOLDSTEIN: 20 tons, but now it's being expanded to carry 80 tons.

MR. MOHLER: That's correct.

MR. GOLDSTEIN: Some powerful trucks come down that road.

MR. MOHLER: Pardon me?

MR. GOLDSTEIN: There's some powerful trucks come down that road in tandem now.

MR. MOHLER: That's correct, but the axle loads are spread out on those trucks. So, they don't really increase the load that much on the bridge.

MR. GOLDSTEIN: Okay. I know -- are you finished resurfacing it; those areas that were prefabricated, on the Maryland side, and put out there?

MR. MOHLER: Yes, the Virginia approach side is completed currently. The rest of the bridge is about 50 percent complete, and we expect it to be totally complete by the end of July, the first of August.

MR. GOLDSTEIN: Thank you, sir. How about Item No. 11-AE, the Northwest Expressway? That contract went from --

MR. MILLER: Mr. Agro will address your questions.

MR. GOLDSTEIN: -- 1,422,000 to 3,000,000, a 112 percent increase.

MR. AGRO: Item 11 is, again, a contract modification for design services on the Northwest Expressway, I-795, between the Baltimore Beltway and the Owings Mills Boulevard interchange; that portion which is open to traffic today.

This extra work order was requested, or required in conjunction with analyses that had to be performed on a high-pressure gas pipeline owned by Transcontinental, in the vicinity of Painters Mill Road. The pipeline ran under Painters Mill Road, and also under the new construction of the Northwest Expressway. It was, therefore, necessary to analyze the impact of that construction on the gas pipeline. By some order of dimension, these pipelines -- there

are three pipelines coming through here, each being approximately 36 inches in diameter. It is ultimately necessary for the Administration to construct protective barriers around these gas pipelines as part of the Northwest Expressway construction. There is a 20-foot fill placed on top of those pipelines; and, therefore, we want to be particularly careful as to how we are going to protect them.

This extra work order also provides for stormwater management studies in conjunction, again, with the Northwest Expressway, and they were required as a result of regulations instituted by the Department of Natural Resources, effective July of 1984.

MR. GOLDSTEIN: Thank you, sir.

MR. AGRO: You're welcome.

MR. JAMES: 12 is about the same thing, isn't it? I mean, it's --

MR. GOLDSTEIN: Item 12? It's the same situation.

MR. JAMES: -- the same problem: expansion; isn't it?

MR. GOLDSTEIN: Governor, Item 13-S-MOD, Mr. Bill Kahn came down on Monday, and explained the reason for the big increase in those fees. Those contract appeal cases.

GOVERNOR HUGHES: (Nods head affirmatively.)

MR. GOLDSTEIN: They went from 130,000 to 1,245,000, a 957 percent increase.

MR. JAMES: Well, weren't they, Louis, expecting this case to take six weeks, and it's taking six months?

MR. GOLDSTEIN: That's right.

MR. JAMES: A lot of this is expert testimony costs, isn't it?

MR. GOLDSTEIN: That's what he said. What is your next one, Bill?

MR. JAMES: He also said -- and I think it's worth repeating -- that they value the case at \$4,000,000, and these people want some large sum; and they have just reached a loggerhead. So, that's the reason for the extended trial.

GOVERNOR HUGHES: They were asking for 16,

weren't they?

MR. JAMES: 16, yes. So, it's -- all of which, during discussions at the pre-Board meeting, indicate down here to have one member of the Board being tied up for -- in this long case of six months, and this Board of Contract Appeals is just incapable of handling the work in an expeditious manner. So, something ought to be -- a study ought to be made as to whether you ought to have panels to -- that you could call on to do this work in the event that there is a backlog. There is no method of handling backlogs up there; and not only do you have the problem of expeditious handling of awards, if you've got all of these big cases that take a tremendous amount of time -- and I don't know just what the backlog is now, but I imagine it's very substantial, and it's very serious.

MR. GOLDSTEIN: There's no question about that.

GOVERNOR HUGHES: Interest runs on it.

MR. JAMES: Well -- and interest runs, see? You know, they adopted that federal rule about

preverted interest, which does not apply in the circuit courts. So, the longer the thing runs, the better the contractor is treated; and even if --

MR. GOLDSTEIN: The contractor and the lawyers.

MR. JAMES: Well, the lawyers, too; that's right. So that, it seems to me there's a lot of -- that, really, they ought to have a study on how you should organize that particular instrumentality better, and I just think it's important; it should be done.

GOVERNOR HUGHES: Check on the backlog, and let's see what is going on.

MR. GOLDSTEIN: Yes. My next one is 18-L-MOD. Have you got one ahead of that? -- page 31.

MR. MILLER: Item No. 18?

MR. GOLDSTEIN: Yes, sir.

MR. MILLER: Yes, sir. Mr. Nessel will answer your questions on that item.

MR. NESSEL: My name is Joe Nessel. I'm with the State Railroad Administration.

This item has to do with a short-term lease

for track space in Brunswick, Maryland, in a B&O Railroad yard. We have had a six month agreement, and that we have extended that for one year, and it will terminate in July.

The purpose of this lease is to reimburse the railroad for storage of equipment, which is currently taking place in the facility. We have a construction project that has not been awarded yet, which will involve improving the yard, making it more useful for what we would like on a long-term basis; and before we do go ahead and award the construction contract, we would have a long-term lease. This is for the existing yard that we're using today.

MR. GOLDSTEIN: Well, now, that's the whole point: when do you expect to get the lease?

MR. NESSEL: Pardon me?

MR. GOLDSTEIN: When do you expect to get the lease?

MR. NESSEL: The lease, we are now anticipating for March or April to have that negotiation to the Board here for approval. We would

obviously have to have that in place before we would go ahead and award a construction project.

MR. GOLDSTEIN: That's really important. Now you're assuming another liability to handle that railroad from West Virginia, aren't you?

MR. NESSEL: Well, that's true. See, the problem that we're having, as far as the long-term lease is concerned, is basically two items: one of them is the amount of escalation that the railroad would like over, say, a 20 or 30 year period. We would like to keep that down to a bare minimum; whereas, they're looking at a higher rate than what we would like. And the second one has to do with the rate per foot of track; and they're going with the new systemwide rate, and we want to go based on the old rate. In the magnitude of dollars, we're talking -- it would be basically in the range of what you see here. It's not going to increase it by tenfold, or fivefold, but since it is a long-term lease, we do not want to enter into it until we can keep the price down to a level that we feel is appropriate.

MR. GOLDSTEIN: Well, aren't you doing those people a favor by maintaining these facilities?

MR. NESSEL: Currently, we do not maintain them. What we would do with the construction project is to put in -- the major reason for the construction project is to put in electric power to heat and cool the railroad cars while they are in the yard overnight. That would be used by us, and would obviously be maintained by us; that is true.

MR. GOLDSTEIN: Right now, they don't have that facility there for you.

MR. NESSEL: Right now, it is just tracks with nothing there.

MR. GOLDSTEIN: Right. I was up there on November 10th, right after the flood. Now, this area that you're going to use, is that near that flood plain?

MR. NESSEL: This is in the flood plain. The items that we are putting in there would not be affected should there ever be another flood. The flood did go through this area, and this area was under water

this past November, and it did happen back, again, in 1972. Should this area flood again, the way it is set up is it would just be a matter of pumping out this area; and as far as the electric standby is concerned, that would all through, as I'm told -- and I'm not an expert in this area -- it would be automatically turned off should the water get up to a certain level, but it will be situated in an area that did not flood this last time around.

MR. GOLDSTEIN: I hope you're right.

MR. NESSEL: Well, they built a building out there, and they decided to move it up six inches than what they had hoped to -- or what they had originally planned to build it, and this last flood came right up to the doorstep, but didn't go in. So, that is at the same level that we're going to put in the electrical facility.

MR. JAMES: Optimism.

MR. GOLDSTEIN: Yes, sir, the eternal optimist. I'll tell you: when we went up there and seen where that water was, it was amazing. It's hard

to believe water can rise that high.

MR. NESSEL: There was 18 inches of water in the yard.

MR. GOLDSTEIN: Yes, but, normally, that river is -- what? -- 20, or 30 feet lower than that.

MR. NESSEL: Oh, yes. Oh, yes, the river is way down, yes.

MR. GOLDSTEIN: That's the point I'm making: it's way down. You go up there and see all of that water laying there, it startles you; at least, it startles me.

MR. NESSEL: Our biggest problem, I think, was the sewage treatment plant was also flooded, and that they had a little bit more in the yard than they had anticipated.

MR. GOLDSTEIN: Thank you, sir. My next one is 27.

MR. MILLER: Item 27?

MR. GOLDSTEIN: Yes, sir.

MR. MILLER: Mr. Nessel will also explain that item.

MR. NESSEL: Item 27 has to do with a four-year agreement between the state of Maryland and Amtrak wherein the state would take over the operation of Amtrak's Blue Ridge train. The train operates between Martinsburg, West Virginia, and Washington, D.C.

The advantage to Maryland in doing this is that we would integrate the train into the commuter operations on that line. The train currently handles a number of commuters, but we retain none of the revenues from these commuters. These are very high revenue commuters; and by the state incorporating it into its commuter service, it would add -- and we would be able to retain this as a sixth frequency on the line -- we would be able to get the revenues from these passengers who are riding from further out than the average ride on the line, and this would be an advantage to us financially; it would help our revenue much more than it would cost us to operate this train. And the third thing would be that we would be in a position to add stops within Maryland that currently are -- the train does not stop at. It is very, very much an express

train. What we would do is still keep it as an express train, but add stops within the state of Maryland at the higher growth stations.

GOVERNOR HUGHES: How many of the commuters are railroad employees?

MR. NESSEL: On that line -- not including this Blue Ridge -- we have anywhere from 10 to 15 pass riders a day. The pass riders, however, are reimbursed, based on a fixed fee arrangement. So, the rider himself is not paid, but the company reimburses us for the employee's ride.

GOVERNOR HUGHES: Won't you pick up more in Martinsburg now?

MR. NESSEL: I don't see the ridership increases occurring so much in Martinsburg, or Harpers Ferry mainly because of the parking constraints. Where we anticipate ridership increasing by adopting this train would be at Brunswick, and Point of Rocks, and Germantown, the three stations within Maryland.

GOVERNOR HUGHES: It's a cheaper operation this way, isn't it, for you?

MR. NESSEL: With the train being incorporated into the service that is already on the line, the reimbursement, as you see here, of 965,000 would have this train operate on a "break even" basis. With the reimbursement from Amtrak, plus the revenue obtained on the train, will help that line, as far as the revenue/cost ratio, by anywhere from one to three percent on an annual basis, but the train would not be any cheaper to a commuter.

GOVERNOR HUGHES: No, no, I don't mean that. Would you get exempt from terminal access fees?

MR. NESSEL: That's correct.

GOVERNOR HUGHES: That's a rather large item.

MR. NESSEL: That's a substantial amount. We also will have a locomotive provided that will be maintained by Amtrak, and a protect coach that will be maintained by Amtrak. So, financially, this is a good move for us, as far as the state is concerned.

GOVERNOR HUGHES: (Nods head affirmatively.)

MR. GOLDSTEIN: Now, does Martinsburg, West Virginia, have a facility similar to what you'll have

at Brunswick to keep the trains warm?

MR. NESSEL: Brunswick has a much smaller facility. Brunswick is a major yard --

MR. GOLDSTEIN: I know that, but I'm just talking about -- see, the trains will stop --

MR. NESSEL: Yes.

MR. GOLDSTEIN: -- overnight at Brunswick; leave Washington at 4:55, and get to Martinsburg at 6:30 in the evening.

MR. NESSEL: The Martinsburg facility does not have electric standby, which is what we want to put in at Brunswick. What would happen is the --

MR. GOLDSTEIN: The train will come back to Brunswick, and keep it warm there?

MR. NESSEL: No, it would stay overnight at Martinsburg, and it would -- there is a small engine that runs within the locomotive that keeps the power going to the cars for the heating and cooling. Amtrak does have an electric standby facility out there, and that's what we're looking into now to see if we can use that facility when the Blue Ridge is out there. I

believe there is some minor work that needs to be done to make it more active, or to use it on a regular basis.

MR. GOLDSTEIN: If that train is not warm when those people get on it at Martinsburg, they'll be raising heck, won't they?

MR. NESSEL: Well, no. What they do is they just turn the power on, like at 4:00, or 5:00 in the morning --

MR. GOLDSTEIN: I see.

MR. NESSEL: -- before the passengers get out there.

MR. GOLDSTEIN: Because they leave right around 6:50, don't they, according to this schedule you gave me?

MR. NESSEL: That's correct.

MR. GOLDSTEIN: And they get down to Washington around 8:30.

MR. NESSEL: Our biggest concern with Martinsburg is if we do not have a cab car at each end -- in other words, if we can't run "push or pull" -- we

have to pay for turning at Martinsburg, which Amtrak currently does. We do not intend to do that, which will save us about \$75,000 a year on operation. As the train pulls in, it will just come right back out again; we will not have to move the locomotive around the train, and that will be a substantial savings to us.

MR. GOLDSTEIN: Okay. Thank you. I learned something about railroads.

Governor, we received, on Item No. 29 --

MR. JAMES: Yes, I think we ought to have a detailed explanation on that.

MR. GOLDSTEIN: -- 29 and 30 are two big items with reference to the Port. I think we ought to have a full explanation.

MR. MILLER: Mr. Green will explain both of those items.

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

Item 29 asks for your approval for the Port Administration to dispose of a portion of property that we have determined as surplus for our needs.

The Clinton Street terminal was purchased by MPA some years ago from the then Pennsylvania Railroad. It was used as a general cargo facility. It's been for pier operation for many years, but with the advent of container operation, it became obsolete. About four or five years ago, all general cargo operations ceased in that facility, and existing tenants moved to other MPA facilities that were more efficient and where container operations could be handled.

MR. GOLDSTEIN: Can I ask you a question? You say that MPA purchased this from the Pennsylvania Railroad.

MR. GREEN: Correct.

MR. GOLDSTEIN: Do you know what we paid for the land and the building at that time?

MR. GREEN: I would say somewhere around a million and a half dollars. I'm not a 100 percent certain of that.

MR. GOLDSTEIN: A million and a half, and we made the improvements on the warehouses and facilities?

MR. GREEN: We have maintained the pier, and

we've done paving across the street in the 14 acres of storage facility across the street, and that was very ample at that time.

MR. JAMES: That included the pier, though, when you bought it, didn't it?

MR. GREEN: That included the pier --

MR. JAMES: Now, this does not.

MR. GREEN: -- and 14 acres of ground.

MR. JAMES: But this does not include the pier.

MR. GREEN: This does not include the pier.

MR. JAMES: Yes.

MR. GREEN: We determined, since the cargo operations has shifted to better container facilities --

MR. GOLDSTEIN: I understand that, but, here, we're selling an asset, and I was just trying to figure out what we had invested in that land. I'm not talking about the pier. Did you spend any money improving the lot? Did you put blacktop on it?

MR. GREEN: We have paved it; we have not put

anywhere near this kind of a price in it. This price reflects appraisals of the property, and we had two appraisals.

MR. GOLDSTEIN: Yes, I understand that, but you still haven't answered my question. What did we pay for the land and the facility when we took it from Pennsylvania? -- because, in those days, everything was going to wreck and ruin. You know that.

MR. GREEN: Yes, yes. I can't tell you what the split-out between the land and the pier was because it was purchased as a package at that time.

MR. GOLDSTEIN: I understand that, but I read this again last night, and I couldn't find that information. If you're getting ready to sell something, you ought to know what it cost you; at least, I would do it that way.

MR. GREEN: Well, we know that it does not show on this item, and I can't recall the exact number.

MR. GOLDSTEIN: You see, we don't have the appraisals; at least, I don't have them.

GOVERNOR HUGHES: Oh, you mean the actual

appraisals.

MR. GOLDSTEIN: Yes.

GOVERNOR HUGHES: No.

MR. JAMES: Well, if you're getting the appraised value, what difference does it make what it cost you?

MR. GOLDSTEIN: Well, it makes a heck of a big difference. When you're getting ready to sell something, we ought to be sure we're coming out of the hole. I mean, it's a very fine company buying it, but I just want to be -- so I would have the facts, but I don't have the facts. But, sir, go ahead; go ahead and finish your presentation. Thank you, sir.

MR. GREEN: After having been out of operation for four or five years, we were able to get some small cargo operations in there, but, basically, we simply had to determine that this facility was not going to be productive --

MR. JAMES: What are they going to do with it? What are they going to do with it? I mean --

MR. GREEN: Right now, we're intending to --

MR. JAMES: I'm talking about what --

GOVERNOR HUGHES: The purchaser.

MR. GREEN: The land?

MR. JAMES: What's Rukert -- yes, what's
Rukert --

MR. GREEN: The land adjoins Rukert terminal,
and they claim that they can get additional business --
cargo -- bulk cargo business in the Port with the use
of this additional land, and they have been talking to
us for some time. We tried to sell both the pier and
the land to the corporation -- to Rukert -- but they
have no use for the pier. We tried various scenarios
in putting together several groups of potential users,
but it wasn't able to work out. So, we now are
proposing to sell the land to Rukert; they will make it
part of their existing bulk cargo facilities; and they
have their own pier there; and MPA will utilize the
pier for offices and pier space for small service
companies in the Port.

MR. JAMES: Do you have any access --

MR. GREEN: And we have already signed up --

MR. JAMES: Do you have any access to the pier?

MR. GREEN: Do we have access?

MR. JAMES: Yes.

MR. GREEN: We do, but Rukert does not.

Clinton Street goes in-between the pier and the land itself.

MR. JAMES: Okay.

MR. GREEN: So, we've got a small tugboat company in there; we've got ship chandler; NBC barge lines has been moved in -- small companies like that that we feel are essential to the good operation of the Port, and we're proposing to make the pier facility a home for that type of an operation.

MR. GOLDSTEIN: Will you need any land in order to rent the pier space?

MR. GREEN: No.

MR. GOLDSTEIN: You're sure of that?

MR. GREEN: That's correct. That's why we determined we could afford to get rid of the land because of the type of people that we're -- the type of

businesses that we're talking about do not need land for any back-up; they don't handle cargo.

MR. GOLDSTEIN: They won't be having cargo, or anything; just business.

MR. GREEN: They do not handle cargo.

MR. GOLDSTEIN: Okay. I just want to be sure. Thank you, sir.

MR. GREEN: (Nods head affirmatively.)

MR. JAMES: By the way, will this money be available to do some other improvements around the Port? I mean, it goes back into your budget?

MR. GREEN: Yes, it does. It will go back into the Department of Transportation trust fund.

GOVERNOR HUGHES: Right.

MR. JAMES: But it's not necessarily your budget, then.

MR. GREEN: It's not necessarily in my budget.

MR. JAMES: Okay.

MR. GREEN: Mr. Hellmann is --

GOVERNOR HUGHES: He would like it to do

that.

MR. GREEN: -- anxious to do this because I'm now going to swing into Item No. 30 --

MR. GOLDSTEIN: Yes, well, that's the next one, page 48.

MR. GREEN: -- for which we're going to use that money.

Item 30 --

MR. GOLDSTEIN: When you compare the price that we are selling Item No. 29 for to how we're paying for Item 30, it's a big, big difference.

MR. GREEN: It's a big difference.

MR. GOLDSTEIN: Yes, we're not even getting it for fee simple; we're getting the lease of it.

MR. JAMES: Well, of course, that's just not a fair price, what we're paying. They've got us by the throat.

MR. GOLDSTEIN: I know. That's the reason I think it's a good idea to have it in the record in case some taxpayer were to ever ask me why we did it. Go ahead, sir.

MR. GREEN: On September 4th, at your public meeting, Item 25, Secretary Hellmann and I presented to you a concept for the expansion of Dundalk Marine Terminal, whereby Dundalk would be expanded into a portion of the Western Electric property, which backs up from the Seagirt Terminal, and we would also be acquiring at the same time a portion of the McComas Street Terminal from the Western Maryland Railway so that we could accommodate an expansion of AT&T's Long Lines operation within the Port of Baltimore.

Since that time, we have been in active negotiation with the various parties in this transaction: AT&T Communications, and the Western Maryland Railway; and today, we're presenting to you a follow-up on that previous presentation.

The concept that you approved at your September meeting has been followed, and negotiations have been completed. What we're asking for today is your approval on three items: the first would be to purchase the leasehold interest from the Western Maryland Railway Company of the McComas Street

Terminal, as part of the Port Covington Terminal, and this consists of 39.5 acres, including various buildings and other improvements. The second item we ask your approval of is the conveyance to the Western Maryland Railway Company of all of the MPA interest in a 4.46 acre car float facility located on Port Covington property that MPA built some years ago for use by the Western Maryland Railway; and there is -- and they have been paying that obligation off to MPA. There is a forgiveness of that debt included in this item. And the third item we ask --

MR. JAMES: How much is that? How much is that? Is that included in the 6,000,000?

MR. GREEN: No, the forgiveness of the debt shows on page two of the item. The first item I mentioned, the purchase of the leasehold interest, the cost is \$6,716,000 -- \$6,716,000; Item No. 2 is the forgiveness of the debt, is \$187,500; and Item No. 3 asks for your approval for MPA to purchase sometime between now and July of 1986, 17 acres of ground that MPA is presently leasing from the Western Maryland

Railray and is now using as part of their South Locust Point Marine Terminal. The purchase price for that item is \$325,500.

These three items are asked for your approval. The property, the leasehold interest was appraised. Two appraisals were received, and the railroad also had appraisals that came in substantially higher than the state's appraisers. Their appraisal came in at something over \$10,000,000; our two appraisals came in at around 6.5 million dollars; and that's one of the reasons why it has taken some months for these negotiations. And the final price that we're proposing to be paid at the settlement that was slated for this Friday is \$6,716,000. It's relatively close to the two appraisals that the state received.

MR. JAMES: Why is -- excuse me. Do you want to ask a question?

MR. GOLDSTEIN: No, go ahead.

MR. JAMES: Why is the price split between -- the cost split between the Toll Authority and the Department of Transportation? I thought that,

ultimately, the Toll Authority was going to own these facilities.

MR. GREEN: Well, the toll facility -- Toll Authority is financing the complete construction -- acquisition and construction of the Seagirt Marine facility.

MR. JAMES: Yes.

MR. GREEN: The Western Electric portion of the property that we are acquiring from AT&T will be paid from Toll Authority funds. That's the property -- the Western Electric property is the property that is now being swapped for AT&T Communications. So, therefore, the portion of the McComas Street terminal that will be used by AT&T will be paid for from toll facility funds; the portion of the McComas Street property that will be added to the South Locust Point Terminal will be paid for from MPA funds. When the --

MR. JAMES: How much is AT&T going to need of this total?

MR. GREEN: Well, we're purchasing 39.5 acres, and AT&T will get 19 acres out of it.

MR. JAMES: So, that's the portion that the Toll --

MR. GREEN: Rent will be added to the South Locust Point --

MR. JAMES: That's the portion the Toll Authority will pay for.

MR. GREEN: That's correct.

MR. GOLDSTEIN: Well, here, it says 20 acres for AT&T.

MR. GREEN: At the McComas Street Terminal?

MR. GOLDSTEIN: Yes, sir, 20 acres for AT&T, and 19.5 will be utilized to expand the Southside Marine Terminal.

MR. JAMES: Yes, that's right. Okay.

MR. GREEN: Settlement is slated on this property for Friday. It is necessary for the Board members to approve and sign the deed -- a quit claim deed, whereby title will be transferred to the Western Maryland Railway for the car float facility. The Secretary to the Board has that deed for signature, when the Board members can sign that.

MR. JAMES: You know, I can't quite locate this 17.29 acres. Do you have a map?

MR. GREEN: Yes.

MR. GOLDSTEIN: Bill, do you remember we flew over it with the helicopter?

MR. JAMES: Yes, but I couldn't see the boundary lines from the helicopter.

(Laughter.)

MR. GOLDSTEIN: Well, I know, but you could see the land. You couldn't see the exact boundary lines, but you got the total picture of what we were getting over there at AT&T on Broening Highway.

MR. JAMES: It says "submerged land" -- fast land, and -- 17 acres of fast land, and 9 acres of submerged land. I always wondered about --

MR. GOLDSTEIN: They're getting ahead of the Chesapeake Bay Initiatives here.

MR. JAMES: -- I always wondered about "submerged land." I just wonder where they got title.

MR. GOLDSTEIN: I said: they're getting ahead of the Chesapeake Bay Initiatives here on this land.

MR. GREEN: It does get complicated. This is the South Locust Point Marine Terminal; and in the information that was passed out to you, a copy of this chart was in there.

The first portion over here on that side is the existing South Locust Point Marine Terminal; and where you see "Item B-1" here, this is the one-half of South Locust Point Marine Terminal that MPA is presently leasing from the Western Maryland Railway, and that we are proposing that we purchase for \$325,000 sometime between now and the middle of next year.

MR. GOLDSTEIN: Do you have a contract with them?

MR. GREEN: We will have.

MR. GOLDSTEIN: When?

MR. GREEN: That's part of the settlement on Friday.

MR. GOLDSTEIN: I mean, you will have it in writing --

MR. GREEN: Yes.

MR. GOLDSTEIN: -- so they can't change their

mind. Okay. I just want to be sure. I mean, we're talking about real estate. Talking about it is one thing; having a contract is something else, especially dealing with railroads.

MR. GREEN: Now, this is B-1; this portion right here. Okay?

MR. JAMES: Okay. Oh, I see.

MR. GREEN: Now, this is the McComas Street Terminal, and that is what we're purchasing for the 6,700,000.

MR. GOLDSTEIN: That's the one they have a lease on now with Baltimore City.

MR. GREEN: That's the one that they have the lease from Baltimore City until the year 2050.

MR. GOLDSTEIN: And that's why we're paying 170,000.

MR. GREEN: \$170,000 an acre to acquire that leasehold interest.

MR. JAMES: Right, I remember now, yes.
Okay.

MR. GREEN: Okay?

MR. JAMES: Yes.

MR. GREEN: Now, Long Lines Communications, or AT&T Communications will acquire pier 7 and 8, and a small portion of the property here. MPA -- and that will be totally fenced off; they'll have their own entrance, their own operation -- it will be completely separate from MPA's South Locust Point. We will take this half of the property, and expand into South Locust Point Marine Terminal.

MR. JAMES: So, that's the key piece, that 17 acres, isn't it?

GOVERNOR HUGHES: That's the key piece.

MR. JAMES: You better have that in writing.

MR. GREEN: Well, we're leasing it -- our present lease with them runs until the year of 2050, also.

MR. GOLDSTEIN: Yes, but you want to get the fee simple title.

MR. JAMES: Yes.

MR. GREEN: Yes.

MR. JAMES: That's why you're not -- that's

why the price is low.

MR. GOLDSTEIN: Where was that banana pier you tore down?

MR. GREEN: The banana pier --

MR. JAMES: I guess that's why the price is low.

GOVERNOR HUGHES: Because they got the lease to 2050, yes.

MR. GREEN: -- this is here, and the banana pier is in here, that building.

MR. GOLDSTEIN: And that's now part of this land here.

MR. GREEN: Yes, it's really -- yes.

MR. JAMES: Okay.

MR. GREEN: So, by the time we finish all of this, we'll have about 75 acres total in the South Locust Point Marine Terminal.

MR. GOLDSTEIN: Let me ask you this. It's not on the point. Your top man is getting ready to retire, and you still haven't got a replacement. Why do you have to go all over the world looking for

somebody with all of the knowledge you've got, and some other people up there that have got all of this knowledge?

MR. GREEN: I'm not making that decision.

(Laughter.)

MR. GOLDSTEIN: The point I'm making is here you have all of the knowledge; you've been working with this thing for a long time; and you got to go bring some son of a gun from God knows where, and it will take him five years to learn where the darn stuff is. Then you won't know what's under the water let alone what's on top of it.

MR. JAMES: Let's hope he is smarter than that.

MR. GOLDSTEIN: Have you ever seen these outside bureaucrats come in with a nice, new briefcase?

MR. JAMES: Oh, yes.

MR. GOLDSTEIN: Yes. I know that's beside the point. Thank you, sir.

MR. GREEN: You're welcome.

MR. GOLDSTEIN: We're paying an expensive

price, Governor. Here, we're selling the land for 110,000; and here, we're buying a leasehold, paying 170,000.

MR. JAMES: Well, once in a while, you --

MR. GOLDSTEIN: What?

MR. JAMES: -- once in a while you get in this situation.

GOVERNOR HUGHES: Well, location is everything to the value of land.

MR. GOLDSTEIN: Do you want a separate motion on these two?

GOVERNOR HUGHES: I don't think it's necessary.

MR. GOLDSTEIN: Okay.

MR. JAMES: Okay. Well, I move we approve the Agenda, including Items 29 and 30.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the Transportation Agenda be approved, including Items 29 and 30, in case anybody had any doubt. 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. MILLER: Thank you, sir.

GOVERNOR HUGHES: You did a great job, Jim.

MR. MILLER: Thank you.

MR. GOLDSTEIN: All right.

MR. MILLER: You got everybody worried on
this one.

(Laughter.)

MR. JAMES: Jim never makes any mistakes.

GOVERNOR HUGHES: They get the right people.

MR. JAMES: He calls on others.

GOVERNOR HUGHES: The Secretary's Agenda.

MS. REYNOLD: Thank you. The Secretary's
Agenda, this morning --

MR. GOLDSTEIN: Just one minute. Wait a
minute. Let me put these ones in here. Okay.

MS. REYNOLD: The Secretary's Agenda, this

morning, consists of 39 items; 36 and 37 are supplemental; and 38 and 39 were hand carried to the members of the Board this morning. I would like to withdraw Item No. 13, please.

MR. GOLDSTEIN: It's just the reverse, isn't it? You want to withdraw it?

MS. REYNOLD: Yes, sir.

MR. JAMES: Fred, 13 is the Laurel piece. We're withdrawing it. I just want to tell you.

MR. ESKEW: It will be back.

GOVERNOR HUGHES: 13 is what? It's the city of Bowie.

MR. JAMES: It's Bowie. Oh, I'm sorry.

MR. GOLDSTEIN: Item 13 is --

MR. JAMES: Is that the one you want to withdraw?

MS. REYNOLD: I want to withdraw 13, which is a reversion to the city of Bowie, the Wastewater Treatment Plant. Cliff Johnson is here, if you want an explanation.

MR. JAMES: Well, why are you withdrawing it?

MR. JOHNSON: My name is Cliff Johnson. I'm with the State Health Department.

We goofed on this item. Apparently, we're --

GOVERNOR HUGHES: That's a good reason for withdrawing it.

MR. JOHNSON: -- we're taking it back, and we've got to get some money back from Bowie before we can revert it all.

MR. JAMES: Okay.

MR. GOLDSTEIN: You're an honest man. Thank you.

MR. JAMES: What about that -- oh, that's right; that other one is not on the Agenda, is it?

MS. REYNOLD: Okay.

GOVERNOR HUGHES: I don't think so, no.

MR. JAMES: The Laurel item is not on the Agenda.

MR. ESKEW: It will be the next time.

MR. JAMES: Yes. Well, I want to talk to you about that.

MR. GOLDSTEIN: My first item is Item 24.

What is your first one, Bill? I think you had a meeting the other day. I got tied up on the phone; I'm sorry.

MR. JAMES: Well, let me take a look at 9.

MR. GOLDSTEIN: What?

MR. JAMES: Let me take a look at 9.

MR. GOLDSTEIN: No. 9?

MR. JAMES: Yes.

MS. REYNOLD: What number, Treasurer?

MR. JAMES: 9.

MS. REYNOLD: 9? Cliff, Item 9, please.

MR. JAMES: The reason I wanted to ask about this was that I thought that the problems of the Anacostia River were extremely serious, and that there was a concentrated effort being made to clean up the Anacostia River, and that one of the efforts was to improve the sanitary disposal -- the wastewater treatment plant over there.

Do you remember that, Louis?

MR. GOLDSTEIN: Oh, yes.

MR. JAMES: Do you remember how they were

telling us about that?

MR. GOLDSTEIN: Yes, sir.

MR. JAMES: And now, we're transferring money from Anacostia over to Blue Plains. Can you explain it?

MR. JOHNSON: Cliff Johnson from State Health, again.

This is the result of a -- well, I think we call it a "bean counting exercise" that --

MR. JAMES: A what?

MR. JOHNSON: A "bean counting exercise" at the Environmental Protection Agency regional office. They have funds in one project, which we're not able to obligate it, or spend it for a period of time, and one of their beans was to de-obligate the money. So, they transferred the work and the money from one project to another, and that's all it is. There is no change in what is anticipated to be done, or the amount of money it's going to cost. It's just that the section of the Anacostia force main that is remaining to be built is entirely within the District of Columbia. That's how

they're doing it.

MR. JAMES: So, what you're saying is that you don't have any control over the decision. This money follows their decision.

MR. JOHNSON: That's correct.

MR. JAMES: I see. Well, now, is the Anacostia project proceeding in accordance with the plan?

MR. JOHNSON: That's a good question, and I don't know that I'm prepared to answer it in great deal. There is a section -- a segment of that Anacostia force main at the lower end that has not been built. There is political controversy down there, and I don't know that much about it. I do know that it's been held up. There was another segment that was to go further on down to a treatment plant in Piscataway, in Prince George's County. This, I would like to bring back to you in detail, if you want information on it, because I can't --

MR. GOLDSTEIN: I think it wouldn't hurt to have the status of those several projects.

GOVERNOR HUGHES: Well, we had a big announcement over there with the Mayor; we were going to clean it up.

MR. JOHNSON: Well, there is another portion going on in the Anacostia relating to water coming off the gravel pits and various other areas along and through there. This has nothing to do with that.

GOVERNOR HUGHES: (Nods head affirmatively.)

MR. JOHNSON: This is a large project that was built in 90 percent of it; and now, the lower end of it has not been completed down to the treatment plant. The work was transferred to the treatment plant grant, and there was a follow-on project, which was to take part of these flows further on down to Piscataway. That has been dropped from the -- presently, it's in the process of being reinstalled in the planning process down there.

MR. GOLDSTEIN: Piscataway is way down the river. Why does Piscataway have anything to do with the Anacostia? Piscataway is way down the river.

MR. JOHNSON: The master plan, if I

understand it -- and I'm not an expert in this ballpark; I'm a money person --

(Laughter.)

MR. JOHNSON: -- the plan was to bring a large interceptor down the Anacostia River to the Blue Plains plant. Now, the plant was limited in capacity. So, a follow-on plan was to take part of these flows coming down the Anacostia further on down to Piscataway. That's the part of it that has been dropped. The interceptor down the Anacostia is completed down as far as where it's by-passed over to an interceptor within the District, and then down to the plant. It's in use; it's not fully in use. The lower section of it has now been left unbuilt, and the flow is transferred to another interceptor.

MR. JAMES: Well, we had a very charming young woman who came in here and gave us some kind of an analysis about -- was it a year ago, Louis? --

MR. GOLDSTEIN: Something like that, yes.

MR. JAMES: -- and told us that -- gave us some horrendous figures about the raw sewage being

dumped into the Anacostia.

MR. JOHNSON: I wish I had been here to meet her, but --

MR. JAMES: Then, we were given assurance that there was a project on the way that would take care of this.

MR. JOHNSON: Well, let me go back and see what I can find out, and come back to you on this.

MR. JAMES: I was hoping that that project wouldn't be affected by this, and I --

MR. JOHNSON: Well, I think there was a large -- there is a large study project going on considering land run-off in nine point sources, but I'll have to -- either myself, or Sandy -- come back and explain this in more detail.

MR. JAMES: Well, maybe you can get some more information on it. Okay.

GOVERNOR HUGHES: It's part of the Bay program, actually.

MR. JAMES: Okay. Let's see. On No. 11, suppose that the federal grant is not increased, what

would happen there? I see this is prior to the formal increase in the federal grant. Would you have to come back and get more state money?

MR. JOHNSON: No. 11, this is a -- I was down here with it about a year ago; and because there was a need for extra money, I took it off the Agenda at that time. I didn't know how much extra was going to be required. We're still not that close. We do have the bids, and I did this on an estimate. So, I'm probably going to have to come back and refine it.

The federal money is available, and will be assigned if this project goes. This thing is very "iffy," and it's, right now -- I brought it down here even if it is "iffy" because I haven't got money to reimburse them for money they have spent. We have nothing approved to support it. So, I just took best guesses and brought it down. I'm going to have to come down probably six weeks from now, or the next Agenda item, or perhaps another two months away with the federal numbers and state numbers refined, but, right now, I needed something, and I thought I would give you

the best I had to show you where we're going and -- or where we think we're going, but this project may be cancelled. They were talking about it in the office when I left.

MR. JAMES: In other words, we'll just give you encouragement by approving this.

MR. JOHNSON: Well, it lets me pay the bills that are there right now, and gives you some idea of what is going on.

MR. JAMES: All right. I've never seen one before that we approved prior to the federal grant being obtained.

MR. JOHNSON: The federal grant increase has not been requested yet because they're debating whether they're going to do the project at all.

MR. JAMES: I see. Okay. All right, Louis, what is your next one?

MR. GOLDSTEIN: My next one is Item No. 24, page 44. That's the shore erosion down in Ocean City.

MR. PECK: Yes, sir. Jim Peck from the Water Resources Administration.

faster, and part of the work would ultimately be done by the Corps to make sure that the data collected fits in with their part of the work and our part of the work, and that there will be no problems from that standpoint.

MR. GOLDSTEIN: You say 1987. What month?

MR. PECK: September, 1987, is our scheduled time to actually start sand pumping to enlarge the beach.

MR. GOLDSTEIN: And that will do away with the jetties?

MR. PECK: Yes, sir, part of our plan proposes to construct no more growings, and that's been concurred in by Ocean City, and we're planning to use the money that's already been appropriated for the growings to do this work and/or subsequent studies and designs necessary to start construction.

MR. JAMES: This is a big change in approach, isn't it?

MR. PECK: Yes, sir, it is a big change in approach, and we think a much sounder approach from an

engineering and technical standpoint, and certainly a much more cost effective approach to what we'll be getting for our money.

MR. JAMES: Well, this is the post-Kelly era. So, with all of the encomia that are enheaped by Mayor Kelly, I think that maybe we can make some progress in this area since he is no longer mayor, and I think it's a good --

MR. PECK: There have been a number of things that have changed to give us a new view on this situation.

MR. GOLDSTEIN: Let me ask you this, Colonel. You say you'll start the pumping in 1987 --

MR. PECK: Yes, sir.

MR. GOLDSTEIN: -- in September. So, that's a year and a half off, or a litte better.

MR. PECK: Yes, sir.

MR. GOLDSTEIN: What happens in the meantime if you get another bad storm like we had back here within the last several months?

MR. PECK: We're going to meet with the Ocean

City officials. In fact, we have a meeting scheduled for tomorrow to talk with them about where they see the areas that are most vulnerable, and what might be done on an interim basis with the limited funds available to accomplish some interim protection, and get the beach ready for the summer, and carry them through until the larger project takes place.

MR. GOLDSTEIN: I see right much of that beach was washed away in that first storm.

MR. PECK: That's true.

MR. GOLDSTEIN: I was there, oh, about two days after it happened.

MR. PECK: We estimated about 550,000 cubic yards were lost in that first storm.

MR. GOLDSTEIN: , And you know, when people come down there and pay a pretty big price to stay in a hotel, or motel, and they don't have a beach to lie on, or swim from, they get kind of perturbed and disturbed.

MR. PECK: Well, we're going to try to see if some interim measures can be taken, like bulldozing -- and, of course, there will be some natural ecretion as

the spring and summer seasons take place, but we want to see where the most vulnerable areas area, and what might be done with the funds available to address those serious problems, and work it out with the Ocean City officials.

MR. GOLDSTEIN: In other words, then, when you meet with them on Friday, you're going to discuss that phase of it, and replenish those areas that have been washed out very drastically by these two storms.

MR. PECK: Yes, sir, we're going to discuss what to do about that. It may be, with the funds available, that the only practical approach is for bulldozing to try to take the sand from areas where there has been some deposit, and even out the beach, and provide some protection for the most vulnerable spots. With the funds available left in the drawing money -- only about \$1,500,000 to \$2,000,000 -- it's not enough

for a major sand pumping project.

MR. GOLDSTEIN: I understand that, but you say you've got about a million and a half?

MR. PECK: The actual funds that have not been used from the money appropriated for growings, right now, is about 2.5 million. We anticipate the necessary studies to do our project and design will be about 685,000, and there is some money needed to close out the existing drawing contracts. So, we estimate a 1,000,000 to 1,500,000 left to do other work.

MR. JAMES: Well, there is a lot of cost on the land itself, isn't there, that --

GOVERNOR HUGHES: To do this program?

MR. JAMES: Yes.

GOVERNOR HUGHES: Acquisition.

MR. JAMES: Acquisition?

GOVERNOR HUGHES: Yes, yes.

MR. JAMES: Moving back the building line, and all of that.

MR. PECK: There will be some costs associated with the acquisition of the land -- the ownership of

land in question, and the attorneys from DNR are researching the factors pertaining to those costs now, and we ultimately may want to use some of this money for that purpose.

MR. GOLDSTEIN: Well, can the members of the Board of Public Works be informed of what is being done?

MR. PECK: Absolutely, sir.

MR. GOLDSTEIN: Not after -- I mean, not two or three months afterwards so when people ask questions, we can answer them intelligently.

MR. PECK: Yes, sir.

MR. GOLDSTEIN: The last time, we got the information two months after it was available.

MR. PECK: I'll keep you informed and up-to-date, yes, sir.

GOVERNOR HUGHES: In answer to one of your questions, there is, at this point, no real protection against a major storm.

MR. PECK: That's right.

GOVERNOR HUGHES: And this program here is -- we, eventually, hope to get a 100-year storm protection

out of it.

MR. GOLDSTEIN: Yes, I understand that.

MR. PECK: And, of course, the changeover to a new approach doesn't affect that either because --

GOVERNOR HUGHES: No, no.

MR. PECK: -- growings per year for the next two years would not provide any protection for a storm either. So --

GOVERNOR HUGHES: Even if you finished all of the growings, it wouldn't provide that kind of protection.

MR. PECK: That's right; it would not provide protection. So, what we're doing is going to be more status quo, as far as storms are concerned, over the next couple of years, but then get to a point where we can really provide some protection.

GOVERNOR HUGHES: You've got to have beach enrichment, and also a dune creation.

GOVERNOR HUGHES: That's right.

MR. PECK: Yes, sir.

MR. GOLDSTEIN: I understand that.

MR. JAMES: Okay.

MR. GOLDSTEIN: I've been around there a long time. I've been going down Ocean City since 1931, and Assateague Island, oh, about -- oh, 1938, '39 and '40, and '41, I used to go up and down there. Go down there on Sunday, and stay to Wednesday, it cost \$36. That included your food, your lodging, and your guide. So, I've crawled up and down those beaches, Governor, as a young idiot, I reckon I could call myself. It was cold with the wind blowing.

GOVERNOR HUGHES: I remember when I got the worst sunburn of my life.

MR. PECK: In two years, you'll see those beaches look like they haven't for a number of years.

MR. GOLDSTEIN: Sir?

MR. PECK: I say: in a few years, you're going to see those beaches look like they haven't for a number of years.

MR. GOLDSTEIN: Well, that's why we acquired Assateague Island National Park, and we put the dunes back in many places down there, especially in the

Maryland area, after they've been bulldozed and blacktopped. So, I'm familiar with that. I just want to be --

GOVERNOR HUGHES: There aren't any dunes in Ocean City anymore.

MR. GOLDSTEIN: I know. Well, that's the reason I wanted to have --

MR. PECK: That's correct.

GOVERNOR HUGHES: That's part of the problem.

MR. GOLDSTEIN: -- an answer to the question. Somebody will say "Well, why aren't you fixing up this area that's washed out?" I'll say "Well, Colonel Peck is the man to contact. He'll give you an answer."

(Laughter.)

MR. GOLDSTEIN: Is that right, sir?

MR. PECK: Or we'll try to work it out.

MR. GOLDSTEIN: You've got the situation well in hand; you're taking care of it.

MR. PECK: We'll do what we can, yes, sir.

MR. GOLDSTEIN: Yes, sir. Thank you, sir.

MR. JAMES: All you need is money.

MR. GOLDSTEIN: There's a lot of people that go to Ocean City; it brings a lot of money. It's a real resource. It ought to be taken care of.

Thank you, sir.

MR. JAMES: I think the fellow from the Maryland Environmental Trust is here. I don't know whether you want to ask him something, or not.

MR. GOLDSTEIN: Can we get an answer on Item No. 25, Governor, the Loan Fund Projects? Money is being transferred, a \$1,000,000.

MS. REYNOLD: Yes, Comptroller, Item No. 25, when you had the good fortune to be away with Mrs. Goldstein, at the last meeting we had several projects on the Agricultural Cost-Share Program -- those individual projects --

MR. GOLDSTEIN: Right.

MS. REYNOLD: -- and you and the other members of the Board, prior to that, had said you weren't going to approve any projects unless there was money to pay them --

MR. GOLDSTEIN: That's right.

MS. REYNOLD: -- because they were out of their bond money at that time.

MR. GOLDSTEIN: That's right.

MS. REYNOLD: So, in your absence at the last meeting, the other Board members asked that the Department of State Planning find a way to put some money into that bond fund, and this is the vehicle. This is the \$4,000,000 PAGO portion of the '86 budget that we're talking the \$1,000,000 from; transferring into the Chesapeake Bay Water Quality Loan of '84, which would fund primarily those Agricultural Cost-Share Program projects.

MR. GOLDSTEIN: 1,000,000. Thank you. It's a good program.

MR. JAMES: We got a complaint from Harford County. Did anybody answer it? You know, about the cost-share program; that they weren't getting the monies fast enough. Did you see that letter?

MS. REYNOLD: No, sir.

MR. GOLDSTEIN: Yes, I got the letter.

MS. REYNOLD: No, sir, I didn't see it.

MR. JAMES: It was written to the Governor. I think somebody ought to answer it.

MS. REYNOLD: I haven't seen it.

GOVERNOR HUGHES: Yes, somebody will. It was written to me; somebody will answer it.

MR. JAMES: Okay. Just tell them --

GOVERNOR HUGHES: Probably me.

MR. JAMES: Well, I think -- well, they sent me a copy. I don't know whether they expected me to answer it, or not. They probably sent it to me so I will check on it.

GOVERNOR HUGHES: I assume.

(Laughter.)

MR. JAMES: Did they send a copy to you?

MR. GOLDSTEIN: I got a copy of it, yes, sir. I read it.

Item 26, I don't know who is here to answer my question.

MS. REYNOLD: Yes, sir. Mr. Beckett is here on Item No. 26.

MR. GOLDSTEIN: Item 26, that's 139 acres down

in Talbot County --

MR. BECKETT: That's correct.

MR. GOLDSTEIN: -- and under a reservation of rights, they want to build two additional single family residences. Will that be within the 1,000 feet under the 20 acres? That's the Chesapeake Bay Initiatives.

MR. BECKETT: Well, the bulk of this property is within the 1,000-foot distance -- the critical area distance.

MR. GOLDSTEIN: I know that, but, I mean --

MR. BECKETT: Yes, they would.

MR. GOLDSTEIN: -- that's the reason I'm asking the question. Where will these two homes be built? Will they be built in the critical area, or will they be built 1,000 feet back from the water?

MR. JAMES: Well, that would be up to the property owner and the zoning.

MR. BECKETT: Well, it would be up to the property owner, and the Maryland Environmental Trust would have prior approval over the location of the homes.

MR. JAMES: I see.

MR. BECKETT: So, the homes would be built on the property, but the trust would reserve the right to decide where they would be sited, and they would be sited where they would do the least damage to the environment. So, we would endeavor to get them back as far as we could from the water.

MR. JAMES: Do you retain that right in this agreement? I'm not too sure I remember that clause.

MR. GOLDSTEIN: Let's see. You've got it right here on the first page "Reservation of Rights" to build two homes.

MR. JAMES: Yes, but --

MR. GOLDSTEIN: I think it's fair. I mean --

MR. JAMES: -- you can reserve the right, but I don't know whether they have the right to approve the location, or not.

MR. GOLDSTEIN: Such fine print here.

MR. BECKETT: On page six.

MR. GOLDSTEIN: On page six?

MR. JAMES: Page six?

MR. BECKETT: 11-D. This permits the erection of two additional single family homes. That's a maximum of two additional homes.

MR. GOLDSTEIN: Yes, I marked that.

MR. BECKETT: "And the location of the residential sites shall be subject to the grantee's prior written approval"; the "grantee" being the Maryland Environmental Trust.

MR. JAMES: "Which shall not be unreasonably withheld."

MR. BECKETT: That's correct. That's more a timing factor than where the homes go. We simply want the landowner to know that we won't take a half a year to decide where to locate two homes.

MR. GOLDSTEIN: Suppose you can't agree on it?

MR. BECKETT: We haven't run into that situation yet, but it is possible.

MR. GOLDSTEIN: Well, you see, you haven't had the Chesapeake Bay Initiatives until just recently.

MR. BECKETT: No, see, under the Bay Initiatives, if the critical areas regulations are

adopted and implemented, this tract of land would be permitted to have seven homes: one home for 20 acres.

MR. GOLDSTEIN: Yes, sir.

MR. BECKETT: Now, under this easement, there will never be more than four homes --

MR. GOLDSTEIN: Yes.

MR. BECKETT: -- two existing, and two new. So that, even the maximum density under this is well below the 1-for-20.

MR. GOLDSTEIN: Okay.

MR. JAMES: This is full of problems. You've got three -- they have three districts: intensive area, and not so intensive area --

GOVERNOR HUGHES: And conservation.

MR. JAMES: -- and a conservation area. It depends on what area it's in, and it's all completely separate from this.

MR. BECKETT: This will more than likely be in that resource conservation area, which would be one unit for 20 acres; and even then, we would be of a much lower density with the easement in place.

GOVERNOR HUGHES: If all of the areas within the critical areas was done like this property is being done, we wouldn't need the critical areas --

MR. BECKETT: That's exactly right. We're trying to tell counties that.

MR. GOLDSTEIN: Well, I just want to be sure that this individual can build these houses, and he's not being misled.

MR. BECKETT: Yes, they can. In fact, without this easement, they could build more homes.

MR. GOLDSTEIN: I understand that. I understand that.

MR. BECKETT: And then with it, we would certainly work with them to locate those additional homes.

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

Governor, I see we got the people here from the Maryland Food Authority. Maybe they can explain Item No. 28. That's that wholesale food center and fish market.

GOVERNOR HUGHES: Yes.

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

Item 28 is a request for your approval for the lease agreement between the Maryland Food Center Authority and B&A Seafood for Unit 7901-B at the Maryland Wholesale Seafood Market.

(Laughter.)

GOVERNOR HUGHES: What do you say, Santa?

SANTA CLAUS: Ho, ho, ho!

(Laughter.)

SANTA CLAUS: Merry Christmas, everybody, and a happy new year!

GOVERNOR HUGHES: Thank you. Good to see you, again.

SANTA CLAUS: You're a good old boy. I haven't seen you. Hello there, you rascal.

MR. GOLDSTEIN: Yes, sir.

SANTA CLAUS: How is everybody?

AUDIENCE: Just fine.

GOVERNOR HUGHES: Fine. Fine.

SANTA CLAUS: Keep up the good work.

GOVERNOR HUGHES: Thank you. You do the same.

(Laughter.)

SANTA CLAUS: Well, you know, I had a --

(Round of applause.)

SANTA CLAUS: -- I had a by-pass. I had a by-pass. My ears started falling off. So, I had to go and redecorate.

GOVERNOR HUGHES: You look pretty good.

SANTA CLAUS: Yes, I feel all right.

GOVERNOR HUGHES: You look great. Aren't you going to wish the Treasurer a merry Christmas --

SANTA CLAUS: It's good to see you.

GOVERNOR HUGHES: -- wish the Treasurer a merry Christmas?

SANTA CLAUS: Is that the Treasurer?

GOVERNOR HUGHES: Yes.

SANTA CLAUS: A merry Christmas to you.

MR. JAMES: Hello, Santa Claus. I'm glad to see you. I'm glad to see you shake hands --

SANTA CLAUS: That old boy, I see him at every

-- we miss our old friend, last year, from Ocean City,
the Merry Mayor.

GOVERNOR HUGHES: Oh, Mayor Kelly, yes.

SANTA CLAUS: Yes, he was an old buddy, wasn't
he?

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: Senator James was just talking
about him.

SANTA CLAUS: Ho ho ho!

GOVERNOR HUGHES: Okay. Thank you for
stopping by.

SANTA CLAUS: I'll give you a call someday.

GOVERNOR HUGHES: Okay.

SANTA CLAUS: Okay?

GOVERNOR HUGHES: Thank you.

SANTA CLAUS: Thank you. Merry Christmas,
Governor.

GOVERNOR HUGHES: Thank you.

SANTA CLAUS: Good luck to everybody, and
let's have a happy new year!

(Laughter.)

MR. JAMES: How about a merry Christmas?

GOVERNOR HUGHES: He said that.

MR. JAMES: Oh, did he?

GOVERNOR HUGHES: That's right. I'm sure you got all of that down on the record.

(Laughter.)

MR. SEBODA: It's spelled "Santa Claus."

MS. REYNOLD: You all realize that I'm paying for him by the page, don't you?

(Laughter.)

GOVERNOR HUGHES: Okay. Pardon the interruption.

MR. DARNALL: Sure.

GOVERNOR HUGHES: It only happens once a year.

MR. DARNALL: Unit 7901-B was an unfinished unit. Its initial intended use was for a restaurant. The bond that was used to finance the Wholesale Seafood Market is being investigated to determine whether or not the restaurant use would be permitted in a facility constructed under those financial arrangements. So, in the interim, what we have done is we want to satisfy our

cash flow situation by renting this unit out, and we structured a lease, which would provide the Authority with approximately \$100,000 worth of improvements to the facility; along with that, a positive cash flow for the next ten years. This particular lease was obtained through a negotiated bid process. We've worked with several people in the seafood industry, and negotiated the best possible lease, which you have before you today.

If there are any particular questions about the time period, or the nature of the rental increases, or anything, I would be more than happy to explain it.

MR. GOLDSTEIN: Governor, we discussed this in our last meeting. Earl and I both served on that commission, and the building was vacated -- was vacant for quite a while because of the clause with reference to financing.

MR. DARNALL: Yes, sir.

MR. GOLDSTEIN: We feel this is a good use for the building, and the unit is right at the beginning of the whole series of units, and they're doing real good

out there, in my opinion.

MR. DARNALL: The Maryland Wholesale Seafood Market is a self-sufficient market, and one of the highest areas of revenue-generating elements in the seafood market is the retail activity; and in this particular lease, we required the lessee to designate about 70 percent of the area to retail activity, which will help generate the funds necessary to keep it as self-sufficient.

GOVERNOR HUGHES: Okay. Thank you.

MR. DARNALL: Thank you.

MR. GOLDSTEIN: I move we approve it.

MR. JAMES: I second it.

GOVERNOR HUGHES: It's been moved and seconded that Item 28 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. GOLDSTEIN: All right. The next one is

your bond sale, isn't it?

MR. JAMES: Let's see.

MR. GOLDSTEIN: Item 38.

MR. JAMES: 38.

GOVERNOR HUGHES: Do we have to sign this?

MS. REYNOLD: I'm sorry?

GOVERNOR HUGHES: Do we have to sign this
thing?

MS. REYNOLD: Yes, but I can send them around
in the morning.

GOVERNOR HUGHES: All right.

MR. JAMES: Well, do you want to sign them
now? We can sign them now, can't we?

MS. REYNOLD: Whatever you want to do. Don,
do you want these copies signed? These; not the ones in
the book.

MR. DARNALL: No, those right there.

MS. REYNOLD: Okay. Okay.

MR. DARNALL: The ones in the book were for
their --

MS. REYNOLD: Reference? Okay. Do you want

to sign them now, or --

GOVERNOR HUGHES: I think we can send them around.

MS. REYNOLD: Okay. We'll send them around, and send it back to you, Don.

MR. DARNALL: Okay. Well, thank you very much.

MR. GOLDSTEIN: Thank you.

GOVERNOR HUGHES: Are we on the bond issue, No. 38?

MR. JAMES: Well, unless you have anything before that, Item 38.

MR. GOLDSTEIN: I don't have anything before that.

MR. JAMES: It's the bond issue.

MS. REYNOLD: Would you all want to discuss Item 39 first --

GOVERNOR HUGHES: 39.

MS. REYNOLD: -- and let's take the bond item last so that --

MR. JAMES: Do you want to reverse the

numbers?

MS. REYNOLD: Well, I think if we just go ahead and talk about 39, and then we'll take the bond issue item last, if you don't mind.

MR. JAMES: No. 39 is the Walters Art Gallery Loan, and the city is submitting a certified copy of its ordinance, asserting that they have provided the matching funds, and that would lay the basis for the state borrowing the necessary mega-dollars to give the city its share of the match.

So, I move we approve Item 39.

MR. GOLDSTEIN: I second it.

GOVERNOR HUGHES: It's been moved and seconded that Item 39 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 39 is approved.

MR. JAMES: Now, Item 38 contains an itemized list of the proposed items to be included in the next

bond issue, which is scheduled for the middle of February; to wit, February the 19th. It includes many purposes, which are set forth in detail.

The one change from the original proposal would be the elimination of the Elderly Rental Housing Program of \$1,000,000, and a transfer of that 1,000,000 to the Maryland Housing Rehabilitation Program Loan of 1985, which will become 2,000,000 instead of 1,000,000.

So, I would like to move that we approve Item 38 to authorize the State Treasurer and the Board of Public Works to conduct this sale and issue the bonds.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved that Item 38, I guess as amended --

MS. REYNOLD: As amended.

GOVERNOR HUGHES: -- 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 38

is approved.

MR. JAMES: I might add that this is in line

MR. JAMES: ... with what we've told the rating agency: the total is \$124,585,000, and I think we told the rating agency that we were going to call 125,000,000.

GOVERNOR HUGHES: (Nods head affirmatively.)

MR. JAMES: So, that is in accordance with our promise.

GOVERNOR HUGHES: You've got to keep your

promise.

MR. JAMES: I move we approve the Secretary's Agenda, except where there has been special action.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded

that the Secretary's Agenda be approved, except where special action has been taken. All in favor, say "aye."

D MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The

Agenda is so approved.

MR. JAMES: The emergency contracts, have they been satisfactory -- have they been reviewed?

MS. REYNOLD: They have been reviewed. There are no serious problems to bring to your attention on this report.

MR. JAMES: Okay. I really think we ought to pick that up at each session to see whether there has been any abuse of the emergency. Sandy, I think it should be called to our attention.

MS. REYNOLD: All right, sir. Of course, we, you know, the Procurement Advisor does send you a memorandum that outlines each one, and we can certainly point out to you the ones that we think merit your attention, or special attention by the Board.

MR. JAMES: Thank you.

GOVERNOR HUGHES: Budget and Fiscal Planning Agenda.

MS. REYNOLD: The Budget and Fiscal Planning Agenda consists of 28 items. I would like to withdraw Item No. 8-S, please, and I would like to ask the Board to defer consideration of Item 19-S-MOD until the next

meeting.

MR. GOLDSTEIN: Item 19, are you withdrawing it, or --

MS. REYNOLD: I'm going to withdraw 8, and I would like to have you all defer 19 until the next meeting, if you don't mind, please.

MR. STETTLER: 19, we may ask for prior approval -- formal prior approval on it, but there is a question that has been raised, and we think it should be answered before it gets approved.

MR. JAMES: Well, why don't we approve it subject to your satisfaction?

MR. STETTLER: That's fine with me.

MR. JAMES: Or is that a problem?

MR. STETTLER: No, that's no problem. If you would like that, that would be fine.

MR. GOLDSTEIN: Well, I'll tell you: there is quite a question about this item. I think you better defer it.

MR. JAMES: Is there?

MR. GOLDSTEIN: Yes, sir. I think you better

defer it until --

MR. JAMES: Well, then, they're talking about prior approval, and I don't know just how important it is to get started.

MR. STETTLER: I think the 22nd would be -- we'll need approval before the 22nd, if we can get everything resolved.

MR. JAMES: Well, why don't we approve it subject to --

MR. STETTLER: I'll discuss this with the Comptroller before we go ahead.

MR. JAMES: Yes, why don't you do that? Why don't we just go ahead and approve it subject to your being satisfied with the resolution of the problem?

MR. GOLDSTEIN: Okay. It makes no difference to me.

MR. JAMES: All right. Well, whatever you want to, then. I'm not rushing it.

GOVERNOR HUGHES: Well, we'll get it off the Agenda.

MR. STETTLER: All right, Governor, let's do

it that way --

GOVERNOR HUGHES: Yes.

MR. STETTLER: -- and then I'll be right back.

GOVERNOR HUGHES: Yes.

MR. JAMES: All right. I move we approve this subject to the Comptroller's being satisfied with the questions that have been raised.

GOVERNOR HUGHES: I second it.

MR. GOLDSTEIN: Okay.

GOVERNOR HUGHES: All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The item is so approved.

MR. GOLDSTEIN: Item 4-S, Governor, and 5-S, the Motor Vehicle Administration has two contracts.

MS. REYNOLD: Yes, sir, both items, 4 and 5, are Motor Vehicle Administration contracts. The first is a 16-month contract to microfilm driver record documents, and the second is a one-year contract to microfilm title documents. The Board might take note of

the fact that in both cases, the contract is awarded to a handicap workshop in accordance with the procurement law.

MR. SEBODA: They're really asking to ride on existing contracts.

MS. REYNOLD: Yes, right. As noted in the Agenda item, the Department of General Services has a negotiated award with each contractor, and these contracts will be as part of those. Incidentally, the Board's own records are microfilmed by the Howard County workshop.

MR. GOLDSTEIN: I move we approve it.

MR. JAMES: I second it.

GOVERNOR HUGHES: We don't need any special action on it.

MR. GOLDSTEIN: Okay.

MR. JAMES: I would like to go back a step, if you don't mind. On 3-S, I see this is audit service of financial payments made by Blue Cross and Blue Shield for employees and dependents for health care. This is very important that there be prompt payment, but there

is something left out here, and that is the retirees;
and the reason that I --

MR. STETTLER: Well, it's for the whole
program.

MR. JAMES: -- and the reason I raise that is
that when you get to the point where you're trying to
integrate Medicare with Blue Cross and Blue Shield
payments, it becomes extremely complicated for the
average retiree to understand what they have to do; and
I've never been exactly satisfied with the complexity of
what the average retiree has to contend with. I was
wondering if they couldn't simplify it to some extent.

MR. STETTLER: This contract is to assure if
the state is not -- or the state is not paying for a
benefit that is -- that you're not paying for -- that
it's not paying for a benefit that it should not be
paying for.

I know exactly the issue you have, and it's
particularly true in communications between Blue
Cross/Blue Shield and the people who are under Medicare.
I mean, that has to be improved. In fact, the whole

explanation of benefits for them has got to be explained. It's very complicated, and not very informative, and the Blue Cross people are working on developing a better explanation of benefits for them, but --

MR. JAMES: Well, I'm quite -- I'm sure that the retirees and people under Medicare paid a lot of bills because they just --

GOVERNOR HUGHES: Couldn't figure it out.

MR. JAMES: -- couldn't figure out with the word "go" what to do.

GOVERNOR HUGHES: Well, you get that just on a regular plan; you can't understand the regular statement that comes through.

MR. STETTLER: That's correct.

MR. JAMES: Is there any way this study could include some degree of --

MR. STETTLER: This is just a general audit.

GOVERNOR HUGHES: This is an audit.

MR. STETTLER: If to the extent -- the last audit uncovered some problems with the explanation of

benefits for them; and as a result, Blue Cross has begun to redesign the explanation of benefits. That may very well be in management letter type of -- further management letter type of a report from this audit, but, basically, this audit is to make sure that they're not charging to the state account, you know, bills that are city bills, or Bethlehem Steel bills, or some other group, or that it's not paying out benefits that aren't under our contract. This is particularly important nowadays because this contract has a provision in it that if there is a, you know, if there is an underwriting gain, it comes back to the state.

MR. JAMES: (Nods head affirmatively.)

MR. GOLDSTEIN: Well, did you see that article in the Morning Sun about those doctors and Blue Cross and Blue Shield?

MR. STETTLER: I have not seen it. I have not seen it, sir.

MR. GOLDSTEIN: They haven't been able to pay their bills, and now they want to give them an advance until they get the record straightened out.

MR. STETTLER: I have not seen that.

MR. JAMES: That's incredible to me.

MR. GOLDSTEIN: Did you read that article this morning?

MR. JAMES: Well, I saw the headline, but I didn't read the full article.

MR. SEBODA: An interest-free loan.

MR. GOLDSTEIN: An interest-free loan up to "X" percent of what they took the year before --

MR. SEBODA: Not to exceed \$10,000.

MR. GOLDSTEIN: -- and not to exceed \$10,000.

GOVERNOR HUGHES: And why was this: because Blue Cross --

MR. GOLDSTEIN: Sir?

GOVERNOR HUGHES: -- was slow in paying their bills?

MR. GOLDSTEIN: Yes, because they cannot get the bills straightened out; cannot provide these incomes to these doctors who have already given the prior service to the respective recipients. It was a big article about it.

MR. STETTLER: Our experience -- I mean, some of the people we've had look at Blue Cross has been somewhat to the opposite, and some of the big -- the big organizations where they had fairly sophisticated accounting systems have been contending Blue Cross pays the bill before they really pre-audit it, and then it's a problem of going back and recovering it. That's particularly what some of this is going to be looking at. The hospitals essentially, you know, don't submit the documentation with the bill; they just submit, you know, a certain person's name and the claim without all of the documentation, and then we're audited, and that's a --

MR. GOLDSTEIN: Audited after the fact -- after they make the payment?

MR. STETTLER: After they make the payment. Well, there is an advance in there for -- there is an advance and a discount for early payment, of course, in the system, but we had a -- we had, in our last year's contract, about 350,000 that we had some internal work done on that particular type of problem, and it at least

paid for itself.

MR. JAMES: Okay.

MR. GOLDSTEIN: My next one is 11-S, page 11B, the Maryland Public Broadcasting.

MS. REYNOLD: Yes, sir.

MR. GOLDSTEIN: How much does the Maryland Public Broadcasting get for this? We pay this gentleman 150,000 plus 10,000. So, that's 160,000.

MS. REYNOLD: Yes, sir.

MR. GOLDSTEIN: And what kind of income do we get from that program?

MS. REYNOLD: Well, as we've heard in prior years, this "Wall Street Week" is the first, or second-most popular public broadcasting show bought around the country. The total revenue for fiscal '85 -- incoming revenue -- was \$1,170,982.

MR. GOLDSTEIN: 1,170,000?

MS. REYNOLD: Yes, sir. So, it's almost \$1,171,000 for fiscal '85, and that comes from transcript sales themselves; you know, at the end of the program, they say if you want a transcript --

MR. GOLDSTEIN: Yes.

MS. REYNOLD: -- send in \$2. Also, of course, other stations around the country buy this program from Maryland; and, finally, we do get some underwriting fees from --

MR. STETTLER: Advertising.

MS. REYNOLD: -- well, it's basically advertising, and the sum of those three major income sources is, as I said, 1,171,000 approximately.

MR. GOLDSTEIN: It's a pretty good income from that program.

MR. STETTLER: There is a good profit rate on that program.

GOVERNOR HUGHES: Yes.

MR. STETTLER: There is a good profit rate on that program.

MR. JAMES: Yes.

MR. GOLDSTEIN: All right, that answered my question.

MR. JAMES: A lot of people watch that program religiously. Ed said he watches it every Friday night

to make sure that --

MR. GOLDSTEIN: His stocks are doing all right.

MR. JAMES: -- the Treasury gets fully informed. It's a very fascinating program. You know, incidentally, two of those gentlemen are on our -- those panelists are on our retirement system board.

MR. GOLDSTEIN: I know they are. Item 13-S-MOD is the Maryland Lottery.

MS. REYNOLD: Yes, sir. Mr. Puncke?

MR. GOLDSTEIN: We ought to have something in the record. It sure is bringing in the money.

MS. REYNOLD: While Matt is approaching the podium, the Item 13 is a memory upgrade of 1,499 of the older Lottery terminals that we've had for quite some time. Matt?

MR. PUNCKE: Good morning, gentlemen.

MR. GOLDSTEIN: Good morning.

MR. PUNCKE: My name is Matt Puncke, Director of the Maryland Lottery.

This is a request to update the memory in the

terminals that we have on the street at the present time. They are basically 32,000 bytes of memory, and we are using 31,960 of those bytes of memory at the present time, which means that we have absolutely no expansion capability involved; and as we develop additional games, and we get into trying to put the Lottery subscription program on the data processing, we're going to have to have additional memory as long -- and also on Pick 4, we do not have enough memory to put in a straight combination bet; and on the Pick 3, we're going to try to put them on cards so that they can be put in and read by the mark sense reader in order to speed up the lines and get the lines processed through the terminals quicker.

All of this takes a little bit more memory, and it's exceeding the 32K that we have, and we're able to upgrade these terminals by putting in a new board, and having it installed, and bringing it up to the 156 byte memory so that we can go with these advances and not get into the actual replacement of our terminals. The terminals cost in the vicinity of \$7,000 apiece, and

we're able to put in this upgrading and bring this increased memory for \$225 per terminal, and it will save us money, and it also will extend the life of the use of these terminals for another three to five years; and it certainly seems to be the most economic way of approaching it by developing it, and we have not taken into consideration the potential of different games that may come up in the future where we will need an additional memory. So, it is just making it possible for us to continue to develop what we're doing, and, also, then have some expansion so if we go into something different, then it will be there.

MR. GOLDSTEIN: That was going to be one of my questions: suppose you have some kind of new program --

MR. PUNCKE: If we have a new program, with this expanded memory we can go right into it. Suppose we -- let's speculate and say that we go into sports betting on the terminals -- whether we go to off-track betting on the terminals, then this memory would be available, and we would be able to pick that up, but that's in the future part of it. What we're looking at

now is the need that we have in order to develop our games, to put the additional product on, so that we can basically handle the customer a little bit better, and eventually make a little bit more money, as far as we're concerned.

MR. GOLDSTEIN: It's certainly making enough money now.

MR. PUNCKE: Well, right now, we're running about 10 percent ahead on volume for five months of '86 over five people, five months of '85. We're about 10 percent ahead on volume, and we're 26.95 percent ahead on net profit. That's because, last year, we had a very unusual situation in the Pick 3 game: we ran through a period of about eight months where we were paying out 55-57 percent when the whole game is designed to pay out 50 percent. I don't know why the ping pong balls came up that way, but that's what they did, and that's what we had to pay out.

MR. GOLDSTEIN: We have no control over that.

MR. PUNCKE: So, now, it's reverted back, and it's got back into a normal situation. We're paying out

about 49 percent. So, even though we are only up 10 percent in volume, we're up 26.9 percent in net profit; basically, about \$100,000,000 versus \$127,000,000 for the first five months of this fiscal year.

MR. JAMES: Do you have enough terminals?

MR. PUNCKE: We are slowing down on the approval of terminals. We have 1,766 now, and I don't think that we have some in this new budget. I think there is another 100. Whether we'll come back on a supplemental, or not will depend upon how we use them. We are starting to get a lesser return of volume on the terminals we're putting out now than we did, say, two years ago because our better locations have been selected, and now we're getting into --

MR. JAMES: I see this is an upgrade for 1,499 terminals, and you say you have 1,700?

MR. PUNCKE: Yes, 1,766. All of the terminals that we have bought since the middle of 1984 already have this upgrade in it. So, we don't have to buy those because when we bought the new ones, it was an automatic inclusion in the cost of the terminals. So, we're just

now approving what has not -- engrouping what has not been in there in order to get that in.

MR. GOLDSTEIN: Has the Washington Lottery hurt you much around Prince George's and Montgomery?

MR. PUNCKE: No, sir.

MR. GOLDSTEIN: That's my understanding. I've talked to those folks, and they play both games now.

MR. PUNCKE: Well, we thought, when Washington went in, that we would lose about \$50,000,000 gross and maybe around \$18-20,000,000 net. That did not materialize. We're doing as much business in Prince George's County now that we did before, and it really hasn't bothered us at all. And as you say, they're out there playing both. The only place we're --

MR. GOLDSTEIN: See, that's the thing we took into consideration when we gave the Governor the revenue estimate last Friday.

MR. PUNCKE: Yes.

MR. GOLDSTEIN: That part was good news.

MR. PUNCKE: Yes. The only place where we're really losing money is with the federal government has

restricted us now from accepting out-of-state applications through the mail, and we had to stop doing that, and that dropped us about \$90,000 a week on that particular program. Now, if we can get legislation passed to rescind that, or I think New York is going to go on a civil suit to say that --

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

MR. PUNCKE: That's federal legislation, yes.

MR. GOLDSTEIN: But I talked to some folks over in Virginia the other day, and what they're doing is they have couriers that come over across and buy their tickets in Maryland.

MR. PUNCKE: Well, that's true. You also have a situation where one of the states is using the telephone on an 800 number, and accepting the selling of Lottery tickets through the 800 number on credit card; and then, in turn, sending the tickets back to the other state through UPS in order not to use the --

MR. GOLDSTEIN: Mail.

MR. PUNCKE: -- postal authorities in-between

it. I've never really thought that, as far as we're concerned, that selling Lottery tickets by credit card would be a real good idea from a political standpoint.

GOVERNOR HUGHES: I don't think it is, either.

MR. PUNCKE: Therefore, we have not recommended it, even though --

MR. GOLDSTEIN: You better be darn sure who has got the credit card, and that they're honest credit cards.

MR. PUNCKE: It's a way of getting around the problem, but --

MR. GOLDSTEIN: Yes.

MR. PUNCKE: -- we just felt that the \$90,000 wasn't worth that type of a discussion.

MR. GOLDSTEIN: But the courier method is much better.

MR. PUNCKE: Yes.

MR. GOLDSTEIN: Fine. Thank you, sir.

GOVERNOR HUGHES: Okay. Thank you, Matt.

MR. PUNCKE: Thank you.

MR. JAMES: That's all I have.

MR. GOLDSTEIN: Do you want anything on that 15, about that advertising?

MR. JAMES: Well, do you want Nick Kiladis to say something?

MS. REYNOLD: Okay. Item No. 15 -- while Nick is walking up -- is a six-month extension of the advertising services contract for the Mass Transit Administration. It will include a rather sophisticated slide presentation, as well as placing more media advertising. Nick?

MR. KILADIS: I'm Nick Kiladis from the Mass Transit Administration.

The amendment is only adding additional funding; it's not an extension of time. This is for the additional time period. This is the same time period, but a different contract. The reason for the amendment was because we introduced a change to the services to prepare a special slide presentation. Plus, because of the positive result we seem to be getting so far, we felt it was worthwhile to spend some additional money to place some more ads in radio and T.V. The way the

contract works, the cost of placing the ads goes directly to the media, and the consultant has already been reimbursed for any placement fees. So, we retain the 15 percent that he only gets.

But getting back to the program itself, when we started the program -- when we were placing advertising on both T.V. and radio -- we started coming up with our increases in patronage on our bus system. As you know, Governor, for many years we were losing patronage, and then it sort of stabilized last year; and, finally, this past July, we had some modest increases running 1.5 to 2 percent per month. Some of that, of course, can be attributed to other factors, including the -- we've produced a more marketable product. With the increases in patronage was the introduction of the advertising program; and one other correlation we had was, in September, we added the tag line at the end of the ads for buying monthly passes, and we had a marked increase of monthly passes for that month.

So, we think the advertisement program is

paying off. We felt we had money in the budget to spend some additional money for advertising. We feel it's worthwhile.

MR. JAMES: What is your average daily ridership on the subway now?

MR. KILADIS: The subway is -- well, in November, we're up to about 42,000 -- 43,000 -- the average for the month. We had 44, or 45 right in the middle of the month. I don't have the figures for December, but the subway ridership was really up. That's been increasing dramatically. Our biggest problem, of course, is the bus system where there is more money involved. Getting just very modest increases in patronage there has a big pay-off for us.

The overall result of increases in patronage, both in the subway and the bus, and holding our costs, we have -- we would have probably gone with a fare increase this past year because our previous history was every two years we have gone with a fare increase, but the patronage increases and holding our line on our operating costs have put off, I think, a fare increase

perhaps sometime next year.

GOVERNOR HUGHES: Okay. Thank you, Nick.

MR. GOLDSTEIN: Thank you. What is your next one, Bill? 22 is my next one.

MR. JAMES: 20 is a situation that is unfortunate.

MS. REYNOLD: Fred, we're going to back up a minute to Item 20.

Item No. 20 is Towson University's contract for trash removal at the campus. The situation is that there have been -- some extra work has been performed, and the purpose of this modification is to allow payments for the work that has already been performed.

MR. JAMES: Well, two things: one is the oral change orders, which have created the situation that they're going to run out of money 10 months before the contract is completed.

MS. REYNOLD: Yes, sir. Mr. McCulloh is here from the University.

MR. McCULLOH: I'm Don McCulloh, Vice President of Towson.

MR. JAMES: Well, there are two questions: how did this happen; and, what are you going to do about it?

MR. McCULLOH: Well, sir, one, it was a mistake made on the part of the person administering the contract; and that, yes, he did make oral commitments -- oral requests for modification in terms of pick-up services. Nothing was changed in terms of the dollar value of the pick-up other than the modification requiring a larger container, or more frequent pick-up.

What brought this about is that prior to this contract, we, at the University, were doing our own refuse hauling. We entered into a contract; the contract and the opening of our five new residence halls and dining facility took place at the same time. So, therefore, we didn't have any history as to the frequency of pick-up and the increased load capacity that was required of us. And, yes, a mistake was made in that the oral commitments -- oral requests were made that were not followed up with the proper written change orders.

The Attorney General has advised us that while

this mistake was there, that the proper conduct of the contract, in a sense -- that the pick-up was made, the extent was made to the larger containers, and what have you, and the commitments were there, and, therefore, request that it be moved forward on the Agenda.

MR. STETTLER: I think there is no dispute with whether or not this added service was needed; it was a question of when it was bid, you know, there was this mis-estimate of what would be needed ultimately. There was more need. The problem is that the commitment should have -- the change order should have been written in formal, and then approved by the Board at that time, as opposed to sometime later.

MR. JAMES: How much will you need to complete the contract?

MR. McCULLOH: This will now --

GOVERNOR HUGHES: Those three halls are completed, aren't they?

MR. JAMES: Will this complete the contract?

MR. McCULLOH: The contract is going out for rebid.

MR. JAMES: Where will the money come from?

MR. STETTLER: Within their budget. Some of it has already been -- I mean, they've already been spending at a higher rate. They've already been spending at a higher rate than last year.

MR. JAMES: Can the college finance this?

MR. STETTLER: The college will have to finance it, yes.

MR. JAMES: Okay.

MR. STETTLER: Quite a bit of this is associated with the self-supporting activities; and, of course, it's built into the room rents and all. Their reserves will not be assigned.

MR. GOLDSTEIN: In other words, they have the money to pay it.

MR. STETTLER: There will be no emergency fund request to you.

GOVERNOR HUGHES: The budget department can then go and eat it, right? They've got to eat it.

MR. GOLDSTEIN: They've got to eat it; is that what you said?

GOVERNOR HUGHES: That's right.

MR. STETTLER: Yes. We can both be on the fence.

MR. JAMES: All right.

MR. GOLDSTEIN: Well, it's about the biggest problem in America today --

GOVERNOR HUGHES: Thank you.

MR. GOLDSTEIN: -- to remove the trash, paper, cans -- garbage that's created by mankind.

GOVERNOR HUGHES: And we keep creating more

and more of it all the time.

MR. GOLDSTEIN: That's right, and there's no place to put it.

MR. JAMES: A "throw away" society.

MR. GOLDSTEIN: Yes, sir.

MR. JAMES: The Indians lived here for 10,000 years, and had no problems.

GOVERNOR HUGHES: There weren't very many of them, either.

MR. GOLDSTEIN: How about Item No. 22-GM, page 22B? I think we ought to have an explanation.

MR. GOLDSTEIN: Is that statewide?

MR. MEYER: Yes, it is. It's a federally funded program; it's a three-year demonstration project.

MR. GOLDSTEIN: And it's all federal money?

MR. MEYER: All federal money, yes, sir.

MR. GOLDSTEIN: What happens if they cut it off in Washington?

MR. MEYER: I'm not sure. I don't know the answer to that.

MR. STETTLER: If it's a successful programs, the odds are that we'll have to fund it. If it's a successful program, it's a lot cheaper clearly to -- generally to handle this type of case in the home than it is in the hospital.

MR. GOLDSTEIN: Oh, sure. No question about that. All you have to do is walk in a hospital door, and it's \$50 just to walk in the darn door, even if you don't sit down in there.

How about these other programs here?

MR. MEYER: I'm sorry, I can't comment on the other programs. They're from another administration.

MS. REYNOLD: They are, again, the fiscal '86 grant awards: three of them are from the Alcoholism Control Administration; and one is from the Drug Abuse Administration. Each of these has come before the Board in prior years. I remember each of these; that you seen them before.

MR. GOLDSTEIN: Yes. I just want to know if they're working.

MR. STETTLER: Junction Bridge works particularly with people in our penal institutions, particularly --

GOVERNOR HUGHES: Thank you.

MR. STETTLER: The general feeling is that Junction Bridge is an effective program.

MR. GOLDSTEIN: Thank you.

MR. STETTLER: Raft House is on the grounds of one of our hospitals. I believe it's Crownsville, isn't it?

MS. REYNOLD: Crownsville.

MR. GOLDSTEIN: Which one is that?

MR. STETTLER: Yes, it's been in operation for

a number of years.

MS. REYNOLD: Raft House is on the grounds of
Crownsville Hospital.

MR. GOLDSTEIN: Thank you. That's all the
questions I have on that.

GOVERNOR HUGHES: Anything else on that
Agenda, Bill?

MR. JAMES: I wanted to ask about 28. The
Legislature said you can't do this. So, how can you do
it?

MR. STETTLER: The Legislature made certain
adjustments to the ASR at the end of the General
Assembly. There were some limitations on the salaries
of some senior members of the Maryland State Police
Department. I do believe that the nature of those costs
was their concern -- expressed their concern over the
failure of the senior members of the police department
to solve the promotional issue; and it was, in some
sense --

MR. JAMES: Do you think the cuts were
personal rather than impersonal?

GOVERNOR HUGHES: It was -- and you know it.

MR. JAMES: What?

GOVERNOR HUGHES: Completely --

MR. STETTLER: Yes, I think it was more
punitive of nature, and I think they would agree that --

GOVERNOR HUGHES: This is a familiar problem.

MR. STETTLER: -- that program should have
been addressed much earlier, and the results achieved, I
think it was mainly oriented toward that administration.
Our reaction, of course, is to recruit a new member -- a
new superintendent.

MR. JAMES: You wouldn't do anything to force
legislative contention, would you?

MR. STETTLER: No, I brought this to the
attention of the staff of Correctional Services.
Belatedly, but I did.

MR. JAMES: All right.

MR. GOLDSTEIN: I have a question on Item No.
24, page 24B. I think, Mr. Meyer, that's your program,
isn't that, sir?

GOVERNOR HUGHES: 24?

MS. REYNOLD: All of these are from his administration.

MR. MEYER: Again, my name is Fred Meyer.

MR. GOLDSTEIN: Yes, sir. Fred, all of these vendors, are they in business, or are they active; have you checked them out?

MR. MEYER: Yes, yes, all of these vendors are in business; they're all providing an acceptable level of service.

MR. GOLDSTEIN: And have you checked out the facilities; are they taking care of the people?

MR. MEYER: Yes, these programs are monitored regularly by our licensing staff, who goes in and monitors the program against guidelines and regulations. They're also monitored by the Accreditation Council for services to the mentally retarded and people with other developmental disabilities, ACMRDD, who evaluates these programs against nationally recognized standards in the field. In addition to that, we have regional offices throughout the state with staff that go into these programs periodically to check on the services being

delivered.

MR. GOLDSTEIN: We're spending a lot of money. I just want to be sure the people are getting the proper services --

MR. MEYER: It is a lot of money.

MR. GOLDSTEIN: -- and getting the love and attention that they should get.

MR. MEYER: Yes, sir, we're very pleased with the agencies you have here.

MR. MEYER: Thank you, sir.

GOVERNOR HUGHES: Okay. Is there a motion on the Agenda?

MR. GOLDSTEIN: I move we approve the Agenda with the exception of the items that were removed, or withdrawn.

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 on. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The Agenda is so approved.
University of Maryland.

MS. REYNOLD: Governor, if I may, for the record, on the University's Agenda, Item No. 5 is going to be withdrawn, and I sent to the members of the Board earlier revised pages 4C and 9C.

GOVERNOR HUGHES: 4-C?

MR. GOLDSTEIN: You mean 4-S, don't you?

MS. REYNOLD: Page 4-C, on the upper right-hand corner.

MR. GOLDSTEIN: Oh, I beg --

GOVERNOR HUGHES: Oh, on page 4C.

MS. REYNOLD: The page.

MR. GOLDSTEIN: The page. Oh, excuse me.

MS. REYNOLD: I'm sorry. The page number, 4C.

MR. GOLDSTEIN: I thought you meant Item 4-C.

GOVERNOR HUGHES: 4C, I see. Which one was withdrawn: page --

MS. REYNOLD: 5. Item -- all right. Now that

I've got you thoroughly confused --

GOVERNOR HUGHES: Item, or a number; I'll do it either way.

MS. REYNOLD: -- now that I've got you thoroughly confused, I'm going to withdraw -- or the University would like to withdraw Item 5-S, page 7C.

GOVERNOR HUGHES: Thank you very much. I understand that.

What does the "C" stand for?

MS. REYNOLD: The "C" is the Agenda supplement. In other words, Budget is "B" -- the "B" supplement to the Secretary's Agenda, and "C" is the University supplement, and I'm sure you don't want to hear any more about it.

GOVERNOR HUGHES: No. As a matter of fact, I'm sorry I asked.

(Laughter.)

MR. JAMES: On 2-C -- do you have anything before, 2-C, Louis?

MR. GOLDSTEIN: No, I don't.

MR. JAMES: Governor?

GOVERNOR HUGHES: There's only one before it.

MR. JAMES: Yes, I understand, but it's possible that you could.

(Laughter.)

MR. JAMES: This is a time and material contract. Now, I've had our fiscal -- I mean, our Procurement Advisor take a look at the letter containing the explanation that you sent concerning your practice on time and material, and I have responded to your letter, but I'm sure you haven't gotten it yet. And his main concerns in there are the fact that there is no limitation on how much you pay for material; that you call for somebody to pay -- to do work on a time and material basis; and whatever he pays for the material, you accept and pay. Do you have any limitation on that?

MR. MYERS: Let me ask -- Joe --

VOICE 1: Mr. McClain is here to answer it.

MR. MYERS: Oh, I'm sorry. Excuse me. Mr. McClain is from the Physical Plant.

MR. JAMES: It takes a lot of people to answer questions from the University of Maryland.

(Laughter.)

MR. McCLAIN: Baltimore City Campus.

MR. JAMES: I read a book once by Adam Smith, and he talked about "division of labor"; and that's one of the things we've perfected in this country: division of labor. Okay.

MR. McCLAIN: My name is Douglas McClain, sir, and I'm from the University of Maryland at Baltimore.

The program that we have set up, as with respect to material purchases under these contracts, is that all of the material prices are checked against the current prices available to us because, sometimes, we buy materials directly through the purchasing system, and we do have a check ability to see that the prices are current pricing. On any materials of substance, we request the contractor that we're buying these through to submit three or four proposals for our approval. So, we do get some competitive pricing.

MR. JAMES: I see. Do you have -- how about on the labor, do you have any --

MR. McCLAIN: The labor rates, as submitted on

these proposals, are obtained by competitive proposals.

MR. JAMES: Is there any limitation on the size of the contract that you request work to be done on this? In other words, if it's a \$500,000 job, would you do that by time and material?

MR. McCLAIN: We do not give the contractor, which supplies the labor and material, a job. We call upon him to furnish the labor and/or materials at our demand. So, we may have a job that has a combination of our University labor; and for that work that we cannot do with them, then we have this time and material contract to supply us with three carpenters, or five carpenters, or whatever we may need to supplement that work.

MR. JAMES: Well, I mean, if you have a substantial job on which, maybe, there ought to be competitive bidding, how do you know when you use time and material, and how do you know when you go out for competitive bidding?

MR. McCLAIN: Well, the criteria that we have established for one, or the other is based upon the

demands of the situation, which could be the complexity, or the schedule involved. If it's necessary to produce something within three or four months, then we'll look at doing it with our construction management program. If the time constraints and the complexity of the job, where we have to keep the processes going at the same time, or such, then we would go to the bid process. And that the largest job we have done to-date under this basis has been about \$200,000.

MR. JAMES: Okay.

GOVERNOR HUGHES: Well, this is to augment your own courses, isn't that basically what it is --

MR. McCLAIN: Our principle, yes, it is.

GOVERNOR HUGHES: -- your own repair and maintenance courses?

MR. McCLAIN: We now have a --

GOVERNOR HUGHES: Who does the purchasing of the material? Wouldn't you do the purchasing of materials?

MR. McCLAIN: Yes, we do, frequently; but, at times, it is not within the schedule capability of doing

it that way.

We are augmenting our own courses to pick up some of the trades that we do not have currently; and, therefore, we'll have less demand for that time and material contract.

MR. JAMES: There's a lot of room for abuse in this, the way this operates. That's my opinion.

MR. GOLDSTEIN: My next one is 4-S. Do you have one ahead of that?

MR. JAMES: 3-S, physician services, I've got a question: nominal fee -- oh --

GOVERNOR HUGHES: This is baseball and basketball.

MR. JAMES: Oh, yes.

MR. GOLDSTEIN: That's Dr. Levine. He's a very fine orthopedic doctor.

MR. JAMES: Yes. Okay.

MR. GOLDSTEIN: He keeps them in pretty good shape.

MR. JAMES: It's sole source.

MR. SEBODA: It's sole source.

MR. GOLDSTEIN: Well, I'll tell you --

GOVERNOR HUGHES: He's been doing it for 25 years, and they just found out they need a contract.

(Laughter.)

MR. JAMES: It says -- I was just curious when it says to pay him \$25,000 a year -- and I imagine he does this on the sideline -- and they say that's the "nominal fee."

GOVERNOR HUGHES: Orthopedic? Probably is.

MR. GOLDSTEIN: Well, I'll tell you: when you see -- and I'm going to go up to that Cherry Bowl game tonight -- and I was reading in the paper this morning how these guys are hurting their knees at that big astrodome in Pontiac, Michigan: the ground is so darn hard, and they're not used to playing on that kind of stuff.

MR. JAMES: Well, if the players get all busted up, they can give the University of Maryland a \$1,000,000. You know, that's the way it works.

MR. GOLDSTEIN: I believe it's 200,000.

MR. JAMES: Yes, I mean 200,000.

MR. GOLDSTEIN: Well, see, that's why you've got to have a good orthopedic doctor to take care of these problems. If you haven't got your legs to walk on, or your arms to give them a big hug, you're in pretty bad shape, aren't you?

GOVERNOR HUGHES: And Joe Drach's got the knee to show for it, too.

MR. JAMES: I think -- yes, I think they really ought to be paid, myself. I think these fellows ought to be paid.

MR. GOLDSTEIN: Well, they get paid what they get paid when they get their professional contract, but most of these -- I was at -- last Friday, a week ago, I was at the Unsung Hero dinner sponsored by the McCormick Company. You've been there at different times. The 41st Annual, wasn't it?

MR. JAMES: (Nods head affirmatively.)

MR. GOLDSTEIN: And see these fine young high school athletes -- unsung heroes. I mean, most of them are tackles, linemen, and they play every week; and to read the resumes of these kids, they're really

remarkable. One young boy from St. Joe got a \$8,000 scholarship; his mother died right during the height of the season; a fine looking young fellow; he gets a chance to go to college. The way he looks to me, he ought to be a pretty good college athlete, and he'll get a professional contract that will pay him anywhere from \$300,000 to \$1,000,000. So, it's a pretty good opportunity. I mean, football, and basketball, and baseball afford a lot of opportunity for young people today. Take the fellow that won the Heisman trophy, he's as good a ball player -- a baseball player as a football player.

MR. SEBODA: Three letters.

MR. GOLDSTEIN: Three letters, see. He's going to make his mind up next spring and see what he's going to do. So, you know --

GOVERNOR HUGHES: Therefore, we approve Dr. Levine's contract.

MR. GOLDSTEIN: Okay.

(Laughter.)

MR. GOLDSTEIN: My next item, Dr. Myers, was

Item 4-S, the professional consultant services for a telecommunication system at College Park.

MR. MYERS: Yes, sir.

MR. GOLDSTEIN: What is the problem with the one you've got over there now?

MR. MYERS: I beg your pardon?

MR. GOLDSTEIN: What is the problem with the system you have over there now?

MR. MYERS: Well, we're looking to the need to replace the system, and we're working with a statewide planning program, as is the Department of General Services. We have an independent agreement there, but this is, in fact, moving ahead to the future in the requirement to replace the system.

MR. GOLDSTEIN: Well, my next question was: how does it tie in with your program?

GOVERNOR HUGHES: You mean linkage?

MR. SEBODA: Yes, what I was going to say is that, yesterday, the telecommunications master phone committee that the Governor put together finished their work; and that the master plan will be sent to the

Governor and to each member of the Board of Public Works within the next week; and that what they are doing is picking up for the University what we have done statewide, and that will tie in; and they've been working very closely with our people.

MR. GOLDSTEIN: But you've still got to hire these experts to carry out their facility at College Park.

MR. SEBODA: Yes, what you're going to do: they will be working towards some of the major things we're doing, as the system on the campus itself; and so, they have about 8,000,000 square feet, and some of the technology that we're dealing with -- we'll be going into fiber optics -- that they're already working on a fiber optic link between College Park, UMBC, and UMAB. So, they're dove-tailing it with what we're doing.

MR. GOLDSTEIN: Good. Well, where is this company from? Telecommunications International Inc., where are they from, sir?

MR. MYERS: I'm sorry, I --

GOVERNOR HUGHES: Denver, Colorado.

MR. MYERS: Oh, excuse me.

MR. GOLDSTEIN: That's what it says down here.

MR. MYERS: Yes, it is under "AWARD," Denver, Colorado.

MR. GOLDSTEIN: I see their bid was 247,000, and the top one was 510,000. I'm just wondering if they can do the job without a lot of change orders. Whenever I see a big variance of 247,000 to 510,000, I just wonder if they can do the job without a lot of change orders; keep adding, and say "Well" -- it would be something like these companies that come around and get the television rights; and then, the next thing you know, they got to stop and say "Well, we can't do it. We need more money."

MR. MYERS: As a part of the selection process, the top bidders were, in fact, asked to make oral presentations, and it was discussed with them as to what they could, or could not do. We think we have a good contract with a satisfactory firm to do it within those costs.

MR. GOLDSTEIN: And it ties right in with the

state program.

MR. MYERS: Yes, it does.

MR. GOLDSTEIN: Okay. That's what I want to be sure of. Thank you. You answered my question.

Thank you, sir.

MR. JAMES: Did you say 7-C was withdrawn, Item 7-C?

MS. REYNOLD: No, sir, the item withdrawn was Item No. 5.

MR. JAMES: 5, yes.

MS. REYNOLD: Item No. 5, page 7.

MR. GOLDSTEIN: What is this 9C, Second Revision? This Second Revision here --

MS. REYNOLD: Oh, yes, sir.

MR. GOLDSTEIN: -- on the food service.

MS. REYNOLD: On the expedited procurement, Don.

MR. MYERS: Yes. We entered into a contract with a food service company for the Baltimore County campus this summer, and the contractor has elected to cancel; and what we're now trying to do is to replace

that contractor.

MR. GOLDSTEIN: Do you anticipate any trouble getting a contract to go out there?

MR. MYERS: No, we do not. We're concerned about the timeliness of it, obviously, because of the classes starting in January, but --

MR. GOLDSTEIN: I see.

MR. MYERS: -- we're not going to have any difficulty finding a contractor, no.

MR. JAMES: Well, you would have competitive bidding; this just speeds it up. That's all.

MR. MYERS: That's correct, yes, sir.

MR. JAMES: Yes.

MR. GOLDSTEIN: I move we approve the University of Maryland Agenda with the exception of Item 5-S, which was withdrawn.

MR. JAMES: I second it.

GOVERNOR HUGHES: It's been moved and seconded that the University Agenda be approved with the exception of Item 5-S, which was 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. MYERS: Thank you.

GOVERNOR HUGHES: General Services.

MR. SEBODA: Yes, sir. Well --

GOVERNOR HUGHES: Well --

MR. SEBODA: -- the first one I want to deal with is Item 26-RP, which is the bill of sale for the Bloomsbury Square property; and that we have here the culmination of about 20 years' worth of negotiation that started when Governor Tawes was governor of the state. And what the agreement provides is the units that are adjacent to the House of Delegates building will be given to the state of Maryland, and that approximately one acre adjacent to the lower units will be given to the Housing Authority; and what we are paying is an upset figure of 1.35 million dollars, and that will buy the replacement units that will be built on that piece

of property.

Upon completion, or execution of this agreement, we will be in the situation where we will then begin to pay out to the Housing Authority monies for design. The agreement also provides that they can use the 21 units while they are building the new units and renovating the existing 30 units; and that the agreement, of course, is subject to receiving the building permits from the city and approval of the federal government; and during that period, we will be paying monies to the Housing Authority.

And that, we have here Art Strissel and George Manis, and why don't you two gentlemen come up to the podium, and answer any questions that the Board has.

For the record purposes, the Treasurer asked me: "Do we have the monies to do this?"; that we currently have approximately 1,500,000, and it consists of two appropriations: one which was made in 1972; and then a supplemental appropriation for the remainder of the monies that takes you up to the 1,500,000 that was funded by the General Assembly in the late '70's. Also,

when it was decided not to acquire the whole unit, both the lower unit and the upper unit, legislation went through -- Emory, when was it: '83, or '84? -- that amended the appropriation so that we could use these monies to acquire just the upper units.

How are we doing with the "feds"?

MR. STRISSEL: Well, I think we're doing pretty well. We spoke -- excuse me -- Art Strissel with the Housing Authority.

We spoke with them this morning, and advised them of our meeting today, and that we hope to be sending them a draft copy -- I mean, a signed copy this afternoon of the agreement.

I guess I came today to be sure that we got the agreement. The last time, I was out of town; and, unfortunately, George couldn't pull it out of you the way we wanted. So, we're here to see if we can make it happen today, and start the new year off right in terms of Bloomsbury Square.

MR. JAMES: You're optimistic about the federal reaction?

MR. STRISSEL: Yes, sir. We've remained very coordinated and in touch with them during this whole process for the last six or eight months.

MR. GOLDSTEIN: If I sign these agreements now, everybody is in accord? In other words, you're not going to have any complaints from the mayor, or the city council?

MR. STRISSEL: Well, we have also been talking with the mayor, especially most recently with the new mayor, and I believe that they will work very conscientiously with us to bring this about. We've developed, I'm sure you can tell, in the agreement a very aggressive time table of anticipated events over the next six months, and I think that they will be cooperating with us.

MR. GOLDSTEIN: "The dreams of yesterday are realizations of tomorrow." I'm glad to see tomorrow has finally come.

How many years have you been working on this project?

MR. SEBODA: It started in 1966.

MR. GOLDSTEIN: '66, 19 years.

MR. SEBODA: I think the original proposals were when -- discussions were when Governor Tawes was governor --

MR. GOLDSTEIN: That's right.

MR. SEBODA: -- and Al Backus was the Director of the Department of Public Improvement, which was the agency that was in place before there was a Department of General Services.

MR. GOLDSTEIN: That's the reason why we went ahead and built the Income Tax building, closing up Maryland Street and opening up Calvert Street. Now, suppose we would have waited: we wouldn't have had to build this thing, would we?

MR. STRISSEL: Yes.

MR. GOLDSTEIN: It took a long time, 19 years. Congratulations.

MR. JAMES: Well, I want to thank you for the cooperation that we've been able to get out of these gentlemen in recent times. We appreciate it.

MR. GOLDSTEIN: Yes, sir.

MR. STRISSEL: Well, we certainly thank you, but we're going to be having to stick together for the next six months to make it happen --

MR. GOLDSTEIN: Well, we'll be here.

MR. STRISSEL: -- and I think we're going to do it.

MR. GOLDSTEIN: I want to congratulate George Manis, a distinguished attorney, for his patience and his wise counsel and judgment in getting this done.

MR. SEBODA: Not only that, but we took him out of the hospital.

MR. GOLDSTEIN: I know. I understand that.

MR. MANIS: I think I started on this 19 years ago when I first went on the Housing Authority as the attorney, and I think it's a real credit to this particular Board of Public Works. It took many before us that couldn't do it, and I think we've pulled it off, and I think, as Mr. Strissel said, we're going to need your help for the next six months, and we'll be underway.

MR. JAMES: Don't use that expression "pulled

it off." That sounds very sinister, to me.

(Laughter.)

MR. GOLDSTEIN: Why don't you use the word "accomplished"?

MR. JAMES: We negotiated --

MR. MANIS: We negotiated and accomplished our goal.

MR. GOLDSTEIN: That's right.

(Laughter.)

GOVERNOR HUGHES: Well, thank you all very much.

MR. MANIS: Thank you, and merry Christmas to you all.

MR. STRISSEL: Thank you.

GOVERNOR HUGHES: Thank you, and same to you all.

MR. GOLDSTEIN: And all of the wonderful people over there. Thank you.

GOVERNOR HUGHES: Anything else in your Agenda would be anti-climatic.

is

MR. SEBODA: Yes, yes.

MR. GOLDSTEIN: My first item is No. 10. I think you ought to give an explanation of that. That's about the water down there in La Plata.

MR. SEBODA: Yes, that is a settlement -- this is a settlement on the project for the construction of a 25-bed mental retardation unit in Southern Maryland. The town of La Plata, while it was being developed, was not totally happy with the facility being built there; and so that, when we had gotten into the situation where we needed the permission to connect into their water supply, that they delayed us for approximately 260 days. And so, while this was going on, the contractor had equipment standing by, and we were eventually able to resolve it with the help of Senator Simpson from Southern Maryland. So, what this will do is compensate the contractor for those delay costs.

The Attorney General also approves of the settlement.

MR. JAMES: 12 is another settlement.

MR. SEBODA: Yes, 12 is one that I would like

to say a few words on: that the settlement here is for 1,600,000, and that what this represents is delay claims made against us by Titan Construction for the building of the 512-bed facility. The major issues in this particular claim were four items: (1) a duct change that we had to make during the construction of the facility. The duct change, at least in my judgment, was necessitated by the contractor's poor handling of the soil so that we had to encase the ducting in concrete to protect ourselves against any water affecting the ducts. It also had to do with the redoing of the dining room; changing the plumbing when we were at the acceptance stage -- I think you remember that one, Governor -- and then, also, in the last couple months of the construction of the facility, the Division of Correction decided they wanted grout put in the block between the walls.

The majority of the settled amount is attributable to overhead expenses, home office expenses, and that the Board of Contract Appeals uses the federally developed Eicleay formula for assessing this;

that there was delay that occurred. Some of it I personally feel was the responsibility of the contractor because he was shopping to get extras on the job, and that with the way the record sets, they would be entitled to the home office expenses; and that if we didn't settle at this particular time -- I think the point that the Treasurer made earlier -- the interest is running; I will be saving 300,000 in interest charges; if we would have gone to the Contract Appeals Board, I would also be saving \$200,000 in litigation expenses that I would incur for depositions, expert witness, and these sort of things. So that, I reluctantly bring this to you for approval because I think it's in the best financial interest of the state.

MR. JAMES: All right.

GOVERNOR HUGHES: That's a good explanation.

MR. SEBODA: Item 13-RP, I want to withdraw.

MR. JAMES: Would that come back?

MR. SEBODA: Yes, that will be back at some time in the future.

MR. GOLDSTEIN: Withdraw 13.

MR. SEBODA: Item 15-RP --

MR. GOLDSTEIN: Let me finish writing that down, Item 13-RP.

MR. SEBODA: Item 15-RP is one that had extensive discussion at the pre-Board meeting. You will note that it has been revised under "Special Condition 1" to give the points that were discussed at the meeting; namely, that before the loan is approved, that the scope of the renovations have to be defined, and that, also, the individual receiving the loan has to have the rest of this financing in place.

MR. JAMES: How about with a contract?

MR. SEBODA: Yes.

MR. JAMES: Will it preclude the contract?

MR. SEBODA: Yes. It says "The loan is conditional upon the borrower obtaining a firm financing commitment totaling \$564,000, and firm bids for the rehabilitation, furnishing and equipping of the property."

MR. JAMES: And we're going to have, ultimately, you know, a second mortgage.

MR. SEBODA: Yes. Bill?

MR. PENCEK: Yes. We would ultimately have a second mortgage. We have a very good --

MR. GOLDSTEIN: Why don't you give your name for the record, and all?

MR. PENCEK: I'm sorry. I'm Bill Pencek from the Maryland Historical Trust.

We have a very good appraisal, which has been done both of the existing condition and the post rehab value of the property, based on the projected improvements. A copy of that appraisal has been provided to the Department of General Services. The post rehab value of the property is estimated to be \$700,000. In no event would the combination of the first mortgage and our second mortgage exceed 80 percent of the fair market value of the property once rehabbed. In other words, if \$700,000 then is ultimately the post rehab fair market value of the property, the maximum amount of the first mortgage, which we would permit and still get involved with this transaction to the tune of \$136,000, would be \$424,000.

MR. GOLDSTEIN: But you're not going to put your money up until you have all of these conditions complied with.

MR. PENCEK: That's correct.

MR. GOLDSTEIN: Is that right, sir?

MR. PENCEK: That's correct.

MR. GOLDSTEIN: Okay. Does this man have any operating capital to operate this place after he gets it finished?

MR. PENCEK: Yes, they do. They have that built into their pro forma, and --

MR. GOLDSTEIN: I mean, are they borrowing the money, or do they actually have it?

MR. PENCEK: They have approximately \$30,000 in hand right now towards operation. They are seeking additional investor interest.

MR. JAMES: Yes, if that deal goes through, I'll be surprised, but --

MR. GOLDSTEIN: It takes a lot of money to operate one of these things. By the time you furnish it properly, and get their food, and get their first mail.

MR. PENCEK: Yes, sir, it does.

MR. GOLDSTEIN: Okay. I hope they have success. Yes, sir. Thank you.

MR. JAMES: My next one is that Deep Creek Lake thing.

MR. GOLDSTEIN: What? .

MR. SEBODA: Deep Creek Lake.

MR. JAMES: Do you have anything before that, 24 and 25?

MR. GOLDSTEIN: No, I don't have anything before that.

MR. JAMES: Well, I've got a suggestion. I think we can go with 24, the 12 acres. I think that's all right. I made a suggestion to Fred that we defer action on 25 until we have another appraisal, and review the situation.

Fred, do you want to say something about this?

MR. ESKEW: Yes. I think Dutch has, as I understand it, has made phone calls to try to verify whether that value is reasonable on a half-acre lot that essentially is waterfront, only we own the waterfront.

MR. JAMES: Could you give us -- you said you were going to bring some maps over.

MR. ESKEW: Yes, I've got a map here that shows it.

This is known as "Site A." We have a location map here. This is Deep Creek Lake -- Deep Creek Lake. Here is the state part. Site "A" and Site "B" were a part of what is known as Exhibit "R," which was the recreation plan that was submitted by PENELEC when they went for relicensing of the power plant. Site "A" was the one that required some acquisition of land. It's part of the conditional approval of our agreement with PENELEC. The Board of Public Works said that they required PENELEC to give us fee simple title of the shoreline that they own; would be giving to the state of Maryland all three sites. We have that title to all three sites: the existing state park, Site "A," and Site "B." So, we own -- do you see the little treed markings here? We own all of this right now in fee simple.

What is shown in green --

MR. GOLDSTEIN: That's your state park.

MR. ESKEW: No, this is at Site "A" now. This is the new site that was a part of -- see, the state park is here; here is Site "A."

MR. GOLDSTEIN: How many acres --

MR. ESKEW: This is down by the dam.

MR. GOLDSTEIN: How many acres is that?

MR. ESKEW: This is approximately 22 acres of land.

MR. GOLDSTEIN: Well, you got such a darn big scale --

MR. ESKEW: Yes.

MR. GOLDSTEIN: -- I thought it was the whole park.

MR. ESKEW: This is approximately 22 acres of ground. The 12-acre site is what you see in green here. The three lots that are subject --

MR. GOLDSTEIN: The 12 acres is backland.

MR. ESKEW: That's right. That sits in here.

MR. GOLDSTEIN: It's not even on the water either.

MR. ESKEW: Well, none of it actually, you

know, touches the water, but it's waterfront.

MR. GOLDSTEIN: What is the scale from the green to that white up there?

MR. ESKEW: It's a 400 scale map.

MR. GOLDSTEIN: Pardon?

MR. ESKEW: It's a 400 scale: an inch equals 400 feet.

MR. GOLDSTEIN: Well, it sits quite a good distance back from the water, then.

MR. ESKEW: Right.

MR. GOLDSTEIN: So, you're paying \$6,500 for backland; isn't that right? -- according to this submission here.

MR. ESKEW: Well, this is pretty typical of all land around Deep Creek Lake because of the buffer strip that is owned by --

MR. GOLDSTEIN: I understand that, but you're buying --

MR. ESKEW: They consider this lake front because --

MR. GOLDSTEIN: It's not lake front.

MR. ESKEW: -- nobody else owns this. Nobody actually lives on the lake.

MR. GOLDSTEIN: Well, that's not lake front; that's backland. That's not lake front.

MR. ESKEW: Well, I'm just telling you: in that area, nobody lives right on the lake because the Pennsylvania Electric Company owns all of the shoreline of the lake.

MR. GOLDSTEIN: I understand that. I understand that. I've been up there many, many times, but that's backland; that's not waterfront land.

MR. ESKEW: No, it's not waterfront.

MR. GOLDSTEIN: That's what we're talking about.

MR. ESKEW: There is no private waterfront land.

MR. JAMES: We're only paying 78,000 for it.

MR. GOLDSTEIN: We're paying \$6,500 an acre for it.

MR. ESKEW: The three lots in question that are part of Item No. 25 are -- sit here. It's this lot,

this lot, and this lot.

MR. GOLDSTEIN: Yes, and they're backland.

MR. ESKEW: And beyond that, there is subdivision. There are actually houses built on the land. There is one other lot that was part of that first submission, which is this lot here that belongs to a separate individual. This shows --

MR. GOLDSTEIN: That's backland, and you're paying \$40,000 for a half an acre. To me, that's the most ridiculous thing in the world.

MR. JAMES: Well, we've got two propositions: one is for 12 acres for \$6,500 an acre --

MR. ESKEW: That's in green there.

MR. JAMES: -- and I can see where that would be a big addition to what you have. What would you do with it after you get it?

MR. ESKEW: Well, most of this -- as you can see, this was the plan that was submitted. Most of this is needed because of the narrowness of the buffer strip for parking, if you wanted to have activities like swimming in this area; it's day use, picnicing, and

there is some group camping area planned in it; the possibility of a boat launching, which the PENELEC Corporation wanted -- when they signed the agreement back in the '70's, they wanted access for boating because really you have, I think, two private ramps now, and then you've got the state park, and they wanted access for boating in these other portions of the lake.

MR. JAMES: Where is the 450,000? Do you have that?

MR. ESKEW: \$450,000 has been in the state's treasury since about 1977, I believe. That's in hand. As part of the agreement, the Pennsylvania Electric Company gave us 450,000.

MR. JAMES: If you buy this 12 acres, will you use the balance to help develop it?

MR. ESKEW: That's correct. That's correct.

MR. GOLDSTEIN: But you assume the biggest burden in the world from that PENELEC Corporation. You police it, and maintain it; and right now, that lake has got more boats than it can accommodate, according to what I read in the paper and when I talk to people. And

there are plenty of places to land a boat: you've got the whole -- isn't the park on the opposite side?

MR. ESKEW: The park is over here, right. This is this site right here.

MR. GOLDSTEIN: And where is the park?

MR. ESKEW: The park is over here.

MR. GOLDSTEIN: That's right; it's on the opposite side of the lake.

MR. ESKEW: The opposite side of the lake.

MR. GOLDSTEIN: And you've got a landing there; you've got a place to park; you've got bath facilities; shower facilities -- is that correct?

MR. ESKEW: That's correct. That's correct.

MR. GOLDSTEIN: And up the other part of the lake, you've got all kinds of commercial activity where people can launch a boat, hire a boat, and rent a boat.

MR. ESKEW: That's correct.

MR. JAMES: Well, if you wouldn't use the 450 here, where would you use it?

MR. ESKEW: Now, there was two sites: there was an area "A," which is also primarily a boating

facility, a launching ramp. If we didn't --

MR. GOLDSTEIN: You already have title to that.

MR. ESKEW: -- if we didn't do these sites -- all right? -- I would suspect we would have to give the 450,000 back to Pennsylvania Electric Company because that's specifically what that 450 payment to the state was for: it was to buy this land here, build this site, and build that site.

MR. JAMES: You don't really need those lots, do you? You don't need those lots, do you?

MR. ESKEW: The only thing is that they jut into the area. It shows parking on it; and parking, you can live without.

MR. JAMES: You're only talking about three. So, they've got a lot of them, now, haven't they? How many lots --

MR. SEBODA: There are three here, and then there is a fourth one as you come back up the lake.

MR. ESKEW: There are four lots from here to here. This is one lot that is individually owned, and

then you have the three that are the subject of Item 25, are these three right here.

MR. JAMES: Oh, I see.

MR. ESKEW: You have a lot here, here, and here.

MR. GOLDSTEIN: Let the people -- let them keep those lots. Just let them keep them.

GOVERNOR HUGHES: What were you planning to do about the red one; the one that is individually owned?

MR. SEBODA: We would be in the situation, right now, since it's an individual property owner, that until we have the issue settled of whether or not the Board of Public Works is going to proceed with this project before we went out and got them upset, had an option, and that sort of thing, we wanted to have the rest of it resolved.

MR. GOLDSTEIN: This here is in a trust company.

MR. SEBODA: Yes. No, the pink lot --

GOVERNOR HUGHES: The pink lot --

MR. SEBODA: -- is privately owned.

GOVERNOR HUGHES: -- is private.

MR. GOLDSTEIN: That doesn't make any difference. That doesn't make any difference.

MR. JAMES: Well, I don't -- do you object to buying the 12 acres?

MR. GOLDSTEIN: No. I mean, that's a heck of a price to pay for it. I've got to go along with it, but I'm not going to go along with paying that kind of money for a piece of backland up in Garrett County; that's \$80,000 an acre. It doesn't make sense.

MR. JAMES: Well, let's talk about 24. I think we ought to go with 24. I move we approve 24.

MR. GOLDSTEIN: Well, I'll go along with 24. That's a heck of a price to pay for it, but I'll go along with it, but not the other one.

GOVERNOR HUGHES: It's been moved and seconded that Item 24-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. Are lots

up there of half-acres selling for \$40,000?

MR. GOLDSTEIN: No.

MR. SEBODA: Yes.

MR. HEINEMEYER: Yes.

MR. SEBODA: Lake lots are selling for \$40-
50,000.

MR. GOLDSTEIN: Lake lots. On the lake. This
is not on the lake. These are back lots. These are not
lake lots.

GOVERNOR HUGHES: This is considered on the
lake up there because nobody is right on the lake.

MR. GOLDSTEIN: Governor, look, they're two
different things.

GOVERNOR HUGHES: I know what you're saying,
Louie, but --

MR. GOLDSTEIN: Look, I know exactly what I'm
talking about. You take a lot right on the waterfront
-- here's the water right here -- sure, they have -- is
it a 10-foot easement?

MR. ESKEW: The buffer strip?

MR. GOLDSTEIN: Yes.

MR. ESKEW: Well, it varies. It runs from -- in most cases, it's greater than 10-foot. It runs 100-foot in most cases.

MR. GOLDSTEIN: Well, let's say it's 20 feet. So, here, you have a lot right here; that's a lot -- that's a waterfront lot. Then you have a lot back here; it's not a waterfront lot.

MR. SEBODA: You can be coming down like 219, after you come over the bridge; and that, initially, the lake is on the left-hand side, and that there are properties on the right-hand side; and that the properties on the right-hand side are considered lake front because PENELEC owns the bank.

GOVERNOR HUGHES: What's in front of it.

MR. SEBODA: Then you go further down, and then there is, on the left-hand side, some properties that actually get you closer to the water; and it varies all over the lake.

MR. GOLDSTEIN: I've been all around that lake. I used to live up there for two weeks every summer with Dr. and Mrs. T. Gordon Bennett; I've been

around that lake many, many times, walked around it, swam around it, canoed around it -- I know something about that lake.

MR. JAMES: Well, I'll tell you one thing: after this park is developed, those lots won't be worth too much.

MR. GOLDSTEIN: That's right. Here you've got the Chesapeake Bay Initiatives taking people's land and giving them nothing. Here, to come along here and pay this kind of price, to me, is the most ridiculous thing in the world.

MR. SEBODA: Then, we're going to disapprove 25-RP.

MR. GOLDSTEIN: Yes, sir.

MR. SEBODA: Okay. Fred, and they're disapproving 25-RP --

MR. GOLDSTEIN: I so move.

MR. SEBODA: -- which, I think, gives you the answer that you were looking for.

MR. JAMES: Well, I would like to defer action on that, and have further --

MR. GOLDSTEIN: We can disapprove it now --

GOVERNOR HUGHES: Why don't you just withdraw it?

MR. SEBODA: Well, it was withdrawn back in --

GOVERNOR HUGHES: Oh, it was?

MR. SEBODA: -- 1981; and I think one of the things that Fred was looking for is an answer.

MR. ESKEW: The Pennsylvania Electric Company and the Federal Power Commission is saying that, basically, "We entered into an agreement. We gave you \$450,000. What are you going to do?"; and I would like to --

MR. GOLDSTEIN: Well, you're already doing it. You're already --

MR. ESKEW: -- get back to them and --

MR. GOLDSTEIN: You're doing it in 24.

MR. JAMES: Well --

MR. GOLDSTEIN: You're buying this land, and you're going to put your parking in there.

MR. JAMES: -- you can get by with the 12 acres, can't you?

MR. ESKEW: All right. We can make due with it, sure.

MR. JAMES: Yes. Well, let's just turn it down.

MR. SEBODA: Okay. And that you've got the answer in finality --

GOVERNOR HUGHES: No, I'm not saying that isn't -- I assume that's the value of the property up there, but I just think it's too much money for this purpose.

MR. SEBODA: But the key issue is that we wanted an answer because, really, it's been hanging around for a long time.

GOVERNOR HUGHES: Okay. All right. It's been moved and --

MR. GOLDSTEIN: We did that power company the greatest darn favor in the world. Let me tell you: you've got more headaches with that one project -- am I right, sir?

MR. ESKEW: No, there's no question about it.

MR. GOLDSTEIN: And 90 percent of the people

live in West Virginia and Pennsylvania, and they want a paradise down there at your expense.

GOVERNOR HUGHES: I assume it's been moved and seconded that the item be rejected --

MR. GOLDSTEIN: I made the motion on Item No. 25.

GOVERNOR HUGHES: -- or disapproved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. Item 25-RP is disapproved.

MR. SEBODA: Okay. 26 was Bloomsbury Square, and then we'll start on 26-A, which was a hand carried item that you all received for a preservation easement on the Lord Baltimore Hotel. Mr. Pencek is here to give you the answers to the questions that you asked at the pre-Board meeting.

MR. PENCEK: I'm Bill Pencek from the Maryland Historical Trust, again.

At this point, the owners of the property have not completed the appraisal of the easement. It is in progress. However, they have estimated that the value of the easement of the Lord Baltimore is \$3,200,000. That's slightly less than 10 percent of the estimated fair market value of the property, after rehabilitation.

MR. GOLDSTEIN: Governor, I was the one that asked the question about this the other day on 26-A-RP.

GOVERNOR HUGHES: (Nods head affirmatively.)

MR. GOLDSTEIN: Mr. Robert Weinberg of Weinberg & Green called me yesterday afternoon, and he represents these folks; and they've got some kind of syndication to make this a Quality Hotel. In order to get this group of people interested, they get some kind of tax deduction. Most of them are outside of Maryland, and he was telling me that the easement is worth between 3,000,000 and 3,200,000.

GOVERNOR HUGHES: The easement?

MR. GOLDSTEIN: Yes, sir.

GOVERNOR HUGHES: (Nods head affirmatively.)

MR. GOLDSTEIN: So --

MR. JAMES: 3,200,000 for an easement?

MR. GOLDSTEIN: That's what he told me. He said, "Now, that's what the whole thing is about. In order to get these investors" --

MR. JAMES: Well, in the first place, they have to convince the Internal Revenue Service about that, and I don't believe that --

MR. PENCEK: That's the trick. That's the real trick.

MR. GOLDSTEIN: I'm just telling you what he told me --

MR. JAMES: Yes, well --

MR. GOLDSTEIN: -- and that's the reason I asked the question because most of these people are out of Maryland. So, it don't take state income taxes.

See, I have to wear two hats sometimes. I want to know what effect it will have on our revenues. He told me most of these investors are from Boston.

MR. JAMES: There's an easement on the before and after value, and they're going to say that this hotel without the easement is worth \$3,000,000 more than

MR. JAMES: I think they're living in a dream world, but I'll move we approve it.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that Item 26-A-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.

MR. PENCEK: Thank you.

GOVERNOR HUGHES: (Nods head affirmatively.)

MR. SEBODA: 26-B, I gave out at the pre-Board meeting, and that was the Bush River natural management area, and this was the conservation easement in which 65.93 acres next to the Bata shoe factory are going to be given to the state as a conservation easement for scenic and recreational purposes.

MR. JAMES: It's really part of the riverside development, and a bind on an extension to develop revenue on the factory property.

GOVERNOR HUGHES: Is this 26-B-RP?

MR. SEBODA: 26-B-RP, yes.

MS. REYNOLD: Yes. What you're getting into is "A," "B," "C" is at the end of the real estate; and since this is the last meeting of the Board of Public Works for this year, I think this is what the Comptroller referred to as all of the "Christmas present easements."

GOVERNOR HUGHES: Yes.

MR. SEBODA: It's for tax purposes.

MR. GOLDSTEIN: Yes.

MR. SEBODA: And then, we have another one, which is going to be 26-C-RP, and this is the donation of 50 acres in Ocean City to the state. I understand, Governor, that this morning you accepted this gift, and that this will allow the title transfer to take place.

Fred, if you want to run through the map.

MR. ESKEW: This is a piece of wetland area. The offering was made to the state yesterday, and the concern of the owners is to have it settled with the deed documents recorded by the 1st.

This wetland lies between 94th Street and 99th Street. It sits right in behind Ocean Plaza Mall. The owners owned, at one time, all the way to Ocean Highway, and they have built a mall here. There is some upland that sits right in here. They are interested in donating this wetland coming all the way out to here, in-between these two lines.

MR. GOLDSTEIN: Do we have access to it by --

MR. ESKEW: We have access that will come in here; there is a road that comes in by a church here that you get to it. We would like to kind of restrict the access, really, because it's kind of a --

MR. JAMES: Which side of the Bay is that?

MR. ESKEW: -- it's a significant area.

MR. JAMES: Which side of the Bay is it?

GOVERNOR HUGHES: Ocean City.

MR. ESKEW: It's on the Assawoman side of the Bay, on the Ocean City side.

This is all condominiums in here; development here, and over here. And so, it's one of your -- as you go up --

GOVERNOR HUGHES: Do they own all of it?

MR. ESKEW: They owned it all.

GOVERNOR HUGHES: And they've developed this part?

MR. ESKEW: They developed from this line here.

GOVERNOR HUGHES: Are they just giving us the wetland?

MR. ESKEW: They're just giving us 50 acres of the wetlands, okay?

MR. GOLDSTEIN: What's the name of that shopping center?

MR. ESKEW: I think it's called "Ocean Plaza Mall," between 94th and 99th Streets.

MR. JAMES: Does it go from the red line on out, or --

GOVERNOR HUGHES: No, no, they're not.

MR. ESKEW: They're going to retain -- their parking lots come back in here, and they're going to retain the high ground. It's almost better for us that they do because we would like to just keep it in its

natural state. As you go up Assawoman Bay, you're getting fewer and fewer of these areas still left, these real natural areas.

MR. GOLDSTEIN: Do you have the island, too?

MR. ESKEW: It would include the island. Devil's Island is out here. They own the islands here, and they own here, all the way to about here, I would say. Upland Knolls would probably be included.

MR. GOLDSTEIN: Got some good land.

GOVERNOR HUGHES: What is the value of that?

MR. ESKEW: The value there is very limited.

GOVERNOR HUGHES: I would think.

MR. ESKEW: It's limited because they can't build on it.

GOVERNOR HUGHES: You can't build on it.

MR. ESKEW: They can't build it, but they're valued -- of course, we don't get involved with the --

MR. GOLDSTEIN: Some experts, Governor, claim that wetlands are worth \$50,000 an acre because of the fact that fish, shrimp, and all of the things that are good in the sea -- it acts as a breeding ground, and it

costs \$20-50,000 an acre to recreate wetlands; is that right?

GOVERNOR HUGHES: Yes, that much value to the fish than to the public.

MR. GOLDSTEIN: Yes. That's why you got the Chesapeake Bay Initiatives.

GOVERNOR HUGHES: Yes.

MR. GOLDSTEIN: All right.

GOVERNOR HUGHES: I was just wondering, from the tax purpose, what they were, just like on the previous ones.

MR. HEINEMEYER: They'll have a hard time convincing the IRS of this.

MR. GOLDSTEIN: I would make you a bet --

GOVERNOR HUGHES: I would think that --

MR. GOLDSTEIN: -- I would make you a bet they've got at least a \$20-or-30,000 price break on that.

GOVERNOR HUGHES: You do? You think so?

MR. GOLDSTEIN: I don't know. Well, sure. Well, certainly.

GOVERNOR HUGHES: That would be harder to convince than the Lord Baltimore Hotel.

MR. GOLDSTEIN: Well, that wetland is protecting their shopping center from the storms that come from the other direction. It acts as a sponge.

GOVERNOR HUGHES: Oh, yes.

MR. GOLDSTEIN: Sure. Certainly. Wetlands is valuable stuff, I'm telling you.

GOVERNOR HUGHES: I know. It's getting more valuable all the time.

MR. JAMES: When you're talking about sale price, I don't know; it's hard to say.

MR. GOLDSTEIN: Wetland is valuable.

MR. JAMES: Well, we have a fine group that will look at it: the IRS.

(Laughter.)

GOVERNOR HUGHES: With a cautious eye.

MR. GOLDSTEIN: I move we approve it, Item No. 26-C-RP.

GOVERNOR HUGHES: Do you second it, Bill?

MR. JAMES: (Nods head affirmatively.)

GOVERNOR HUGHES: It's been moved and seconded that Item 26-C-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. It is approved.

MR. GOLDSTEIN: Leases, leases. Governor, just a quick observation. Item 27-L, that's down there at that beautiful new area of Market Place, and they're really charging a higher rent than what we paid for the --

MR. SEBODA: We paid 11.50 with the --

MR. GOLDSTEIN: 11.50 with the State Banking Commissioner.

MR. SEBODA: -- State Banking Commissioner, the savings and loan, and then Alan Feld's operation. By doing this, however, the state will be a little bit better off because one of the things that we inherited from MSSIC was an existing lease that was for 13.20 with escalations on it; and so, by taking this lease for

13.50, we get two things: we get a lower price, and that we also consolidate MDIF with the other three regulatory agencies.

GOVERNOR HUGHES: (Nods head affirmatively.)

MR. GOLDSTEIN: Well, I'll tell you: there's not much down there. For some reason, that place never has taken --

MR. SEBODA: I don't know.

MR. HEINEMEYER: It's just a little bit too far out from the real center of town, but it will -- I think, eventually, it will. I think people, right now, are waiting for some of the other buildings to become available.

MR. GOLDSTEIN: You have to have a road map to even find the State Banking Commissioner's office.

MR. HEINEMEYER: Yes, sir.

MR. GOLDSTEIN: I was in there for a meeting. You have to have a road map.

MR. HEINEMEYER: Well, we just tell them it's where the old fish market was.

MR. GOLDSTEIN: I know. That wasn't the fish

market -- that wasn't the fish market.

MR. SEBODA: The fish market was about a half a block further east.

MR. GOLDSTEIN: I know where it is. This here used to be like their Harrison Street.

MR. SEBODA: But when you're coming up -- but when you were coming into Grover, where the street ends, on the right side is where the fish market was, and on the left side was the --

MR. GOLDSTEIN: I know exactly where it was. I go there for meetings. I'm just telling you that there are very few tenants in that building.

MR. SEBODA: Yes, sir.

MR. GOLDSTEIN: All right. Items 29, 38, and 43 are all down in St. Mary's County, Leonardtown; and Item 29-L, they really jacked the price up on that. Originally, when we got in that building, it was about \$3 or \$4 a square foot some years ago; am I right, sir?

MR. HEINEMEYER: Yes.

MR. SEBODA: Yes.

MR. GOLDSTEIN: Then, it went on up to 6.35,

and then it was 7.05; now, it's 8.45.

MR. SEBODA: One of the things that this is indicative of --

MR. GOLDSTEIN: That's higher than any rent we're paying with these other modified leases in that area.

MR. SEBODA: What we're doing here is that this lease will run for two years. These people will then be going into the MSC. As a matter of fact, when they had the public hearing for that St. Mary's MSC, that this individual that owned this building testified in opposition to it; and that the problem that we have, as you're all aware of, is that it's next to impossible to get space in St. Mary's County and in Calvert County. So, what he is doing is taking advantage of the situation. If we didn't pay it, he would evict them, and you would have no place to put these people.

MR. GOLDSTEIN: I'd say, if you would compare them, it always shows you if you've been a good tenant over the years, how they jack the price up on you. That's all; I'm just making the observation.

MR. JAMES: Yes. Well, whenever you start to build a multi-service center, and you terminate leases, then the price goes up while you're waiting.

MR. SEBODA: They feel it's the last crack at you.

MR. JAMES: It happens all the time.

MR. GOLDSTEIN: I know. I made my point.

MR. JAMES: I didn't realize we had such a big office for the State Highway Administration in Baltimore City, on 33-L.

GOVERNOR HUGHES: The 707 building?

MR. JAMES: Yes.

MR. SEBODA: 707, and what this is --

GOVERNOR HUGHES: Yes.

MR. SEBODA: -- they're expanding, and that this is the old court building that's in back of the 707 building, and that they were able to justify their need for --

MR. GOLDSTEIN: That's the old Standard Oil building, isn't it, Stanbalt?

MR. JAMES: No, no.

MR. SEBODA: Stanbalt is the owner. This building, 41,000 square feet, is the old municipal courts in Baltimore City.

GOVERNOR HUGHES: Oh.

MR. GOLDSTEIN: Wasn't that the Standard Oil building, originally?

MR. SEBODA: No.

GOVERNOR HUGHES: That's another one.

MR. SEBODA: Stanbalt is the owners --

MR. GOLDSTEIN: I know.

MR. SEBODA: -- and that the property is actually --

GOVERNOR HUGHES: They own the Standard Oil building, too.

MR. SEBODA: Right, and that the property --

MR. HEINEMEYER: Sir?

GOVERNOR HUGHES: They own the Standard Oil building, too.

MR. GOLDSTEIN: Right.

GOVERNOR HUGHES: We've got Licensing and Regulation in there.

MR. GOLDSTEIN: I get you.

MR. SEBODA: Right, and the property is actually at 211 East Madison Street, and it's right in back of the 707 building.

MR. GOLDSTEIN: Well, you know, you're talking about -- that's the one where they haven't moved yet; they're going to move up to --

MR. SEBODA: Wabash Avenue.

MR. GOLDSTEIN: Yes. I was in there last week when they swore in a new judge.

MR. SEBODA: Right.

MR. GOLDSTEIN: And the State Highway is taking over that property?

MR. SEBODA: Yes. The State Highway has --

MR. GOLDSTEIN: And it will be \$11.50 a square foot?

MR. SEBODA: Yes, and they have 151,000 square feet in the 707 building.

MR. JAMES: What are they going to put in there?

MR. HEINEMEYER: Basically, most of it is

going to be engineering -- the engineering people. They're bringing in people Brooklandville, and, also, they've expanded at 707 to the extent that --

MR. GOLDSTEIN: That's a heck of a price. We could have bought that darn building. It was offered to us three or four times, remember?

MR. SEBODA: (Nods head affirmatively.)

MR. GOLDSTEIN: Those two guys that run those parking lots own that building.

MR. JAMES: This is a six-year lease.

MR. SEBODA: Yes, they have sold that.

MR. GOLDSTEIN: We could have bought it for about \$800,000 or \$900,000.

MR. SEBODA: Right.

MR. GOLDSTEIN: Do you remember that? And look at how much rent we'll be paying in six years. We're paying almost \$3,000,000 in rent.

MR. HEINEMEYER: One of the things he is doing is expanding the building to make it --

MR. GOLDSTEIN: Have you been in that building lately?

MR. HEINEMEYER: Yes.

MR. GOLDSTEIN: I was in there Monday a week ago. Governor, your new judge was sworn in, Senator Young. He made a very fine presentation.

GOVERNOR HUGHES: A young fellow, Young?

MR. GOLDSTEIN: Yes, sir.

GOVERNOR HUGHES: (Nods head affirmatively.)

MR. GOLDSTEIN: From Hagerstown. He's 33 years old.

That building needs a lot of work on it.

MR. SEBODA: Yes.

MR. HEINEMEYER: It's going to be completely renovated before --

MR. SEBODA: Completely renovated, and that --

MR. GOLDSTEIN: Well, they don't say it here. Where do you have it?

GOVERNOR HUGHES: Well, "Lessor to prepare space to state standards" is the only mention of it.

MR. HEINEMEYER: Item 5.

MR. SEBODA: Yes, one of the other things they're doing is about 7,500 square feet of the garage

space is actually being converted into office space so that there will be a lot of renovations in the structure.

MR. GOLDSTEIN: I hope so because that building is in bad shape; it took a lot of abuse. Thank you.

I don't have anything else on this Agenda.

GOVERNOR HUGHES: Anything else, Bill?

MR. JAMES: No.

GOVERNOR HUGHES: Okay. Is there a motion?

MR. GOLDSTEIN: I move the Agenda be approved with the exception of the items disapproved and withdrawn.

MR. JAMES: All right. I'll move now that the Agenda be approved.

MR. GOLDSTEIN: I already made the motion.

GOVERNOR HUGHES: He did. Well, why don't you second it?

MR. JAMES: All right. I second it.

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 1:18 p.m., the proceedings
in the above-entitled matter were adjourned.)

cc