

Baltimore Metropolitan Council



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Anne Arundel County
Baltimore City
Baltimore County
Carroll County
Harford County
Howard County

BMC BOARD OF DIRECTORS

November 23, 2010

MINUTES

MEMBERS PRESENT

Honorable James T. Smith, Jr., Baltimore County Executive and Chair, Baltimore Metropolitan Council
Honorable John Leopold, Anne Arundel County Executive
Honorable Stephanie Rawlings-Blake, Mayor, Baltimore City
Honorable Dean L. Minnich, Vice President, Board of County Commissioners, Carroll County
Honorable David R. Craig, Harford County Executive
Honorable Ken Ulman, Howard County Executive

OTHERS PRESENT

Peter Collier, Baltimore Grand Prix
Dan Cornwall, Howard County OEM
Mary Chance, Harford County
Noel Chesser, EnerNOC
Ned Cheston, Howard County
Jay Davidson, Baltimore Grand Prix
Scott Gibson, Harford County
Jerry Gottlieb, Baltimore Grand Prix
Joe Herr, Howard County Fire Chief (Retired)
Mark Hubbard, Baltimore County
Robert Maloney, Director, Mayor's Office of Emergency Management, Baltimore City
Kristin McFaul, SB & Company, LLC
Debbie Meehan, Baltimore County
Ryan Miller, Howard County
Steve Myer, Baltimore County
Ryan O'Doherty, Baltimore City
Graylin Smith, SB & Company, LLC
Susan Smith-Bauk, Howard County
Steve Thompson, Anne Arundel County Fire Office of Emergency Management
Bert Wilson, South River Consulting

BMC STAFF

Larry W. Klimovitz, Executive Director
Regina Aris
Harry Bain
Dunbar Brooks
Monica Haines Benkhedda
Barbara Herron
Mike Kelly

BMC STAFF (Cont.)

Todd Lang
Mary Logan

County Executive and Chair James T. Smith, Jr. called the meeting to order at 2:10 p.m.

Presentations

Quarterly Update by Urban Area Work Group (UAWG)

County Executive Smith introduced Lt. Maloney, Director of the Mayor's Office of Emergency Management to give an update on the UAWG. He stated spending for the FY '07 three-year grants, totaling approximately \$12 million each has been completed. We are currently closing FY '08 which ends March 31st. All of the jurisdictions are utilizing their funds and we are continuing to work on major projects. He stated that it is because of regional coordination that we have been able to come together and complete these projects. He introduced Chief Herr to speak regarding the vigilant guard exercise that took place recently. Lt. Maloney stated that we had responders and over 2,000 people in one exercise. After Chief Herr's presentation, Lt. Maloney stated that he would discuss the recent tornado.

Chief Herr stated the vigilant guard exercise was designed to show the ability of the military to deploy into civilian workforce, which started about eight months ago. The idea was we would utilize our hazardous materials, urban search and rescue, and regional incident management teams. This would take care of patient tracking which involved the health department and emergency medical services. He stated we would integrate the National Guard into what was occurring. It involved six National Guard units from six states. The exercise scenario was there would be an industrial accident with an explosion. Part of the regional benefit is that the Federal government picked up the cost of building a rubble pile site in Baltimore City at the public works training area. This site can be reused for future exercises. We used all of our systems and it all came together with direction from this group. He added that regional cooperation was demonstrated during this two-day exercise. He thanked the Board for their support and congratulated Lt. Maloney on his efforts.

County Executive Smith asked if the equipment that we bought and actions that we took are having an impact on the ground. Chief Herr stated that it absolutely has. He stated that we will know what the final cost of the exercise was and we will also find out how equipment holds up and what needs to be revised. County Executive Ulman asked if there were any significant challenges that came out of the exercise. In response, Chief Herr stated that we would like to revisit the ability to ramp up the resources quicker. The process of getting authorization, declaration, etc. is something that we need to discuss. We are fortunate that we have a lot of resources and share them. Some of the integration with communications took longer, but these are all things we can focus on for the future. Mr. Klimovitz asked if any of the compacts, etc. that were done in the outset were up to date. Lt. Maloney stated that he discussed this today with Brian Miller from Howard County and in January and February we will be looking into this further

Lt. Maloney then discussed the recent tornado in Baltimore City. He stated when he arrived on the scene there was already a site map and a visual picture on the table showing where the damage was so that commanders knew where units were located. This was all made possible as a result of the funding from the BMC. The Mayor arrived at 7:30 p.m. and we were able to give her a detailed briefing. The neighborhood was opened up by 8:00 a.m. the next morning. The Urban Search and Rescue Team and other teams assisted us on similar responses. Baltimore County reached out to us to help assess the

damage. This was a natural catastrophe, but if anything else would happen, we are prepared. Lt. Maloney thanked the Board for their support.

Mayor Rawlings-Blake thanked Lt. Maloney for the coordination of his team. She stated that all of the residents she spoke with at the shelter knew that there could have been loss of life and because of the team effort and Lt. Maloney's leadership there was none.

Presentation of Baltimore Grand Prix

Mr. Jay Davidson, President of the Baltimore Grand Prix stated that he has been working with the Mayor and her staff for more than a year to make this a great event for both the City and State. He then presented a slide show on the event. He stated that this will be a regional and state event. The track design is planned for a great site. The harbor will give us great TV shots, as well as the Convention Center where we will be housing the cars. People can go in and see teams working on the cars. Camden Yards is yet another highlight. There will be hospitality and grandstands throughout the course. There will be different series races such as sport cars; on Sunday the Indy car series with names like Danika Patrick and others. In addition there will be concerts, fun runs, opportunities for corporate hospitality, etc. The first race will take place on Labor Day weekend, 2011. He then discussed the economic impact on the region. The City already has hotels booked and this will spread to the adjacent counties. He also discussed the media coverage for the event. He stated that this will be great exposure for the entire state.

County Executive Smith asked about opportunities for the surrounding counties to participate. Mr. Davidson stated that this is in progress. Mr. Klimovitz stated that we would like to talk to the Economic Alliance and BWI Partnership and start to build momentum and bring more people and groups in as we get closer to race day. County Executive Ulman also commented on lending support to the event.

Review and Status of Federal Sustainable Communities Grant Application

Mr. Kelly briefed the Board on the Sustainable Communities Initiative. He stated that the BMC was the lead sponsor and applicant on a federal grant that was headed by HUD this past summer. The consortium partners involved in the grant were BMC, BRTB, Baltimore City and County, which met all of the required elements for the application. Other partners in the plan were the Enterprise Community Foundation, GBC, the National Center for Smart Growth, Transportation for Maryland, which is a coalition of 20-25 smaller non-profits that deal with environmental, and transportation and housing issues. We were also partnering with the Maryland Department of Planning, as well as the six BMC jurisdictions and the City of Annapolis. Unfortunately, we did not receive an actual award from the grant. The way the Sustainable Communities Grant program is set up, even if you don't receive an actual cash award, they ultimately assign your application a score which can make you eligible for future funds. The initial total funding level from the Federal government was going to be about \$300 million. This amount has been cut significantly and we expect to see more cuts with the new Congress. Mr. Kelly stated that he would brief the Management Committee when we find out the status of the grant as well as our score. It was a \$70 million grant program in total. The maximum an application could receive is \$5 million. There were 300 applications and only 45 awards. The majority went to MPOs. They were spread out not only geographically, but by size. Of the 100 largest regions in the country, only 21 received awards. He stated we are very excited and hopeful that we will be getting the preferred sustainability status which will make us eligible for the future funds.

Mr. Klimovitz stated that we will be having a debriefing with HUD, Mr. Kelly, himself and several other principals involved on December 22, 2010.

Status of Long-term Energy Purchase Contract

Mr. Myer briefed the Board on electricity purchase. He stated that we have a transactional contract with PEPCO that helps us to procure our electricity. Their contract with us was due to expire in mid-winter. They came to us earlier and asked for an extension for a year and they would hold the same price. We elected to do that and finalized the expected amendment in October to extend the contract through next January. In the meantime, we had re-solicited proposals for a new replacement contract and are in negotiations now. The transactional fee is expected to be about 30 cents higher. He then discussed the current status of the portfolio. The current status of the portfolio is that we are looking at finishing the fiscal year 2011 at 86 dollars/megawatt hour. July was the hottest on record, which affects the day ahead market. As we move into fiscal 2012, we are looking at \$72. The last hedges that we bought in March were in the 40-50 dollar range.

Mr. Myer then reported on the new Power Purchase agreement for electricity from a yet to be constructed power plant. He stated that we elected to compete for this to secure a longer term hedge. We decided the best way to improve capacity price differential was to try to encourage growth within the BGE zone or encourage generation. We solicited proposals for a company to come in, find a site and build generation capacity. We would purchase a piece of that generation. We are currently finalizing negotiations. We are looking at a company out of New England and they are looking at property in the Fairfield section of Baltimore City. If they are able to begin in 2013, they will start their pricing at \$68.00. Normally, in public procurement, we would be buying something already up and running. In this case, we are buying something that someone has to build a plant to provide. The capitalization of the property requires that they finance it; their financiers are looking at financing through a combination of debt and the rest through equity. The equity portion is where we are having some contractual wording issues. We are trying to come to a conclusion because the pricing is good and we would have a ten year contract in place.

County Executive Ulman asked if there were other proposals. Mr. Myer stated that there was one other, Blue Water Wind. Their pricing was considerably higher. The waste to energy plant was a better value. The entire project is close to a billion dollars for them. In the long run, we would end up buying 25 mw from them. There was a brief discussion on the other proposal. Mr. Myer stated that their bid price was double that which we accepted. County Executive Ulman asked that we keep the Board updated on any changes.

Presentation of FY 2010 Financial Audit

County Executive Smith introduced Mr. Graylin Smith of SB & Company to present this item. Mr. Smith stated they have completed the financial audit for the Baltimore Metropolitan Council for the year ending June 30, 2010. For the single audit testing, there was approximately \$5 billion worth of federal funds. The testing covered 94% of those federal grant programs and there were no negative or findings of concern as a result of the single audit. We have issued an unqualified opinion related to the single audit also. He stated that there was complete cooperation with management. Operations were fairly comparable between years.

Mr. Klimovitz stated that we budgeted to end the FY '10 with about \$53,000 we ended up with \$42,997. We ended in the black so we take this amount and add to our emergency fund. We are now sitting with about \$1.3 million dollars held in a series of CDs, money market account, etc. We found SB & Company excellent to work with. County Executive Smith stated that the Board is pleased with this result.

Action Item – Acceptance of FY 2010 Financial Audit

County Executive Smith called for a motion to accept the audit as presented. County Executive Ulman made a motion to approve and it was seconded by Commissioner Minnich. As there was no discussion, the audit was accepted by unanimous voice vote.

Action Item – Nomination of BMC Board Chair for Calendar Year 2011

Mr. Klimovitz stated that at this point we usually accept nominations for the chair for the Calendar Year 2011. It is customarily in alphabetical order by jurisdiction. When the Mayor joined the Board, she requested that she defer Chairmanship and instead sit for a year as vice-chair. This is currently the cast. At this point, Mr. Klimovitz asked County Executive Smith to call for nominations for chair for the Calendar Year 2011. County Executive Ulman moved that Mayor Stephanie Rawlings-Blake, of the City of Baltimore, become chair of the BMC. As there were no other nominations Mayor Rawlings-Blake became Chair of the BMC.

Mr. Klimovitz stated that given the fact that we will have new members in January, and in discussions with the Management Committee, we have agreed to keep selection of a Vice-Chair a later time.

Program Updates

FY 2011 1st Quarter Financials

Mr. Klimovitz reported on the September financials. He reminded the Board that we are on a reimbursable basis insofar as cash flow is concerned. He then reviewed the September income statement results which showed a current \$52,000 deficit. This is not unusual due to that fact that the first quarter of the year we generally run a deficit until we begin to receive our reimbursements. Mr. Klimovitz reviewed the October financials which showed \$52,749 deficit yielding to a positive income of \$14,646. He stated that we are looking to end this year again at about the same net income of \$53,000. He also reminded the Board that we have an investment policy which affects our emergency fund account. He has started to move some of the emergency funds out of individually held CDs through Smith Barney instead of putting part of the money into a CDARS (Certificate of Deposit Account Registry). Harford Bank is one of the banks that are involved and it provides up to \$250k dollars insurance on each individual CD.

County Executive Ulman asked what percentage is being moved over. Mr. Klimovitz stated that it would be about 60-80%. We keep a certain amount of money market available in case we have an issue with reimbursements and to enable us to meet payroll if these circumstances arise.

BRCPC Activities

Mr. Klimovitz stated that Mr. Myer and Ms. Meehan largely covered this earlier. He stated that having attended the Energy Board when the representative from Biofuel made his presentation, they appear to be on to an exciting concept. He encouraged each of the jurisdictions to participate in studying this fuel.

Commissioner Minnich asked if they are studying any damage to the equipment being used with this fuel. Mr. Klimovitz stated that it is. The only problem they have discovered to date is with the burner nozzle, which sometime requires change or adjustment.

Mr. Klimovitz thanked outgoing members for their support. He stated that this Board has been second to none. He thanked County Executive Smith and Commissioner Minnich and presented them with a plaque for their dedication and work with BMC. Commissioner Minnich stated that his reward has been the experience.

Closing Remarks by the Chair

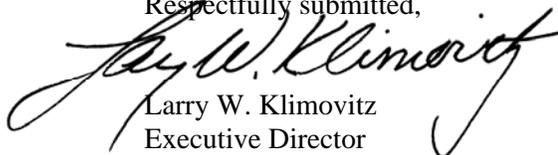
County Executive Smith stated that he is grateful for everything that has been accomplished in the Baltimore region. He further stated that BMC plays an essential role in the success of each member jurisdiction as our futures are linked. He said our future is dependent on our shared resources. The BMC brings us together and provides a valuable forum to pool our talent and resources. County Executive Smith then highlighted milestones over the last eight years where the BMC has made a positive and lasting impact on the region's quality of life. He stated that working together through the BMC we have achieved a great deal and saved money. He thanked all of his elected officials and colleagues for their partnership. He also thanked Mr. Klimovitz, Executive Director, Todd Lang, Director of Transportation, Gould Charshree, Water Resources Manager, and General Counsel Governmental Relations Director, Mike Kelly. He also thanked the BMC staff who have helped make this an outstanding and effective organization and thanked everyone for their commitment to regionalism. He congratulated Mayor Rawlings Blake for taking over the chairmanship and stated that she is a leader who believes in regional cooperation and will be a great leader for this regional organization.

Mayor Rawlings-Blake thanked County Executive Smith for his leadership. She stated that his leadership and cooperation as County Executive will be missed. She stated that she looks forward to making progress on the current issues and others. She continued by saying the BMC is a unique and important forum for all of us to work together in solving problems and make Baltimore and the region better, safer and stronger. She stated that gun violence remains one of the most serious issues facing Baltimore. Crime and violence in Baltimore City matters to the entire State of Maryland and perceptions of public safety have profound impact with attracting businesses, jobs and residences to our entire region. This is an issue where the BMC Board members can be of great assistance. She asked the Board to assist her in lobbying the State Legislature to pass a tougher penalty for gun possession. She stated that this session she is going to introduce legislation that will create a minimum sentence of 18 months and a maximum sentence of ten years for defendants that are arrested with an illegal loaded firearm. Currently, under State law, many of these individuals are charged only with a misdemeanor. Too many of these gun offenders are quickly released back into the community and go on to commit other crimes, not just in Baltimore City, but in the surrounding jurisdictions. She thanked the Board for listening to her presentation and stated that her legislative team would be contacting the individual members in the future. She added that they are also reaching out to other legislators in the region to request that they co-sponsor the bill.

County Executive Ulman thanked both County Executive Smith and Commissioner Minnich for their leadership. He asked that the Board reach out to the new members of the Carroll County Commissioners so that they become familiar with the BMC. County Executive Smith asked if there was a decision on which one of the five would be representative on the Board. Commissioner Minnich stated that at the present time, the selection hasn't been made. He again thanked the BMC for the help and accommodations throughout the year.

As there was no other business, County Executive Smith called for a motion to adjourn. The motion was made by County Executive Ulman and seconded by Commissioner Minnich.

Respectfully submitted,


Larry W. Klimovitz
Executive Director