

PenMar Development Corporation
BOARD OF DIRECTORS
June 11, 2007

The monthly meeting of the PenMar Development Corporation (PMDC) Board of Directors was called to order at 7:28 a.m., June 11, 2007, at Lakeside Hall, Cascade, Maryland, by Chairman George G. B. Griffin. In addition to Mr. Griffin, the following Board members were present: Peggy S. Bushey, Mark R. DiLandro, John R. Hershey, III, Peter J. Kurz, C. Michael Mason, Dr. Elizabeth M. Morgan, David M. Russo, Dr. John T. Simpson, George A. Stone, Ronald Z. Sulchek, Philip J. Ulzheimer, William J. Wivell, and Michael S. Zampelli. Ex officio members Robert C. Brennan and Timothy R. Troxell were also in attendance. Russell R. Marks was excused from this meeting.

Opening Comments

Chairman Griffin welcomed everyone and mentioned that Representative Bill Shuster from the 9th Congressional District in Pennsylvania would visit Fort Ritchie after the Board meeting.

Approval of Minutes for May 14, 2007, Meeting

The Chairman asked for comments on the minutes of the May 14 meeting. As there were none, Phil Ulzheimer moved that they be approved. He was seconded by Jack Simpson. The Board voted unanimously to approve the minutes.

Financial Reports

Treasurer and Finance Committee Chair Peggy Bushey presented the Corporation's and COPT Property Management financial statements for the month ending April 30.

Ms. Bushey reported that the \$2.5 million CD (present rate of 5.35%) with Susquehanna would come due on July 10, after which she plans to shop around for the best rate. She noted that another CD will mature in December, in keeping with the Finance Committee's decision to have one CD mature in July and another in December. Mr. Ulzheimer asked at what point would we take into account the money that is to be allocated to the Community Center. Ms. Bushey replied that her plan is to take that money from available Fulton Financial funds.

The Treasurer said Fulton Financial representatives are expected to attend the August Board meeting.

Mark DiLandro made a motion to approve the financial statements for April 30. He was seconded by Phil Ulzheimer, and the motion was approved unanimously.

Executive Director's Report

Rich Rook reported that he attended the Maryland Economic Development Association (MEDA) meeting, where Timothy Troxell, Executive Director of the Hagerstown-Washington County Economic Development Commission, was elected its President.

Congressman Shuster Visit

During Representative Shuster's visit to Fort Ritchie, Mr. Rook said COPT and PMDC will present briefings and provide a windshield tour and lunch.

June 30 Fireworks Display

Mr. Rook reminded the Board that Mountain Top Heritage Days activities would begin on June 29. The fireworks display at Ft. Ritchie will be held on June 30.

Thank You to Departing Board Members

The Executive Director noted that this is the last meeting for Board members John Hershey, Ron Sulchek and Bill Wivell. He thanked them for their support and significant contributions over the years.

FY 2008 Budget

Mr. Rook presented the draft FY 2008 budget, copies of which were included in members' folders.

He noted that one assumption tabled at the May Board meeting assumed that the remainder of the Fort Ritchie property would transfer from the Army to PMDC before the end of FY 2007. However, he did not expect the transfer to take place until the middle of July 2007. The Finding of Suitability to Transfer (FOST) has been signed by the Environmental Protection Agency (EPA) and sent to the Army general counsel for final review before being delivered to the Deputy Assistant Secretary of the Army for signature. Final language will then be incorporated into the deed by the Real Estate Division of the U.S. Army Corps of Engineers.

As PMDC moves forward on various projects such as the community center, Mr. Rook said costs should be classified as operating expenses, instead of capital expenses, because PMDC will not own the community center when it is completed and therefore cannot depreciate it.

Peter Kurz suggested an assumption for "Utilities" be recorded to indicate that Corporate Office Properties Trust is not charging PMDC for utilities and that is the reason it shows a zero amount.

Museum Committee

Chairman Griffin began the discussion by acknowledging differing Board views of the need and viability of a museum, and that members should bear in mind that, under the terms of the Programmatic Agreement among PMDC, the Army, and the Maryland State Historic Preservation Office (SHPO), there is a stipulation for "...an exhibit utilizing the Determination of Eligibility, current and historical photographs, and other historical materials related to Fort Ritchie, to inform and educate future occupants and visitors about the significance of Fort Ritchie as a Maryland National Guard and United States Army installation." This will have to be worked out with the SHPO and must be located within the boundaries of Fort Ritchie. It may consist of one or more tours, pamphlets, displays and/or an overlook. Mr. Griffin stressed that PMDC is required to do something, and said his personal view, which is shared by COPT

President Rand Griffin, is to use Building 4 as an interactive facility, with displays of artifacts and the hosting of discussions and meetings explaining the history of this property. He added that he would seek help from former Army representative William Hofmann of COPT in retrieving artifacts from military units that may have taken them away. He hoped to include evidence of the history of Fort Ritchie's support to Camp David and Site R, and to collaborate with other museums in the area. While neither PMDC nor COPT wants the responsibility of running a museum, he expected that PMDC would have input in the form of appointing members of the museum's board of directors.

Museum Committee Chairman Jack Simpson reported that he sent requests for estimates for feasibility studies to two designers, but had not received replies. He had also contacted the Chesapeake Bay Maritime Museum in St. Michaels, as suggested by Phil Ulzheimer, and its Vice President of Operations, John Ford, supplied him with the name of its designer and architect.

Mr. Ulzheimer added that he had contacted a local architect, who is also expected to give PMDC a proposal.

Mountain Top Heritage Days

Dr. Simpson announced that he plans to meet with Lynn Ford, a member of the committee organizing Mountain Top Heritage Days, and identify artifacts to be displayed during the festivities.

Dr. Simpson suggested that the Museum Committee be dissolved, as he felt that its mission was complete for the time being. After some discussion, it was agreed that the Museum Committee would be suspended, and that he would become a member of the Renaissance Committee.

Renaissance Committee

Dr. Morgan outlined the Committee's May 30 meeting agenda, which included the question of Hagerstown Community College classes at the base, reinvestment of proceeds, and the ultimate disbursement of PMDC funds. She said much time was spent discussing the water system, and whether it would be appropriate for PMDC to expend funds on it. Referring to a list of recommended projects developed by Committee member Peter Kurz, Dr. Morgan said the Committee tried to develop a structure to rank various projects. It determined that important factors would be: does the project create jobs, does it have overall appeal, how many residents would be affected, and would it have a positive impact on this community, Franklin County, or Washington County at large. Also considered was whether PMDC should spend money if money was available elsewhere.

Phil Ulzheimer asked where the Board stood on the Cascade Elementary School project, which is off base. Dr. Morgan replied that she interpreted the Army's letter stipulating the categories in which monies could be spent to mean that PMDC must provide more specifics to justify spending funds off the base. As it defines projects for PMDC to support, the Committee plans to provide justification to the Army, which can say yes or no. Mark DiLandro interjected that the justification should include enhancement of the redeveloped area and the attraction of jobs. He added that public schools are the responsibility of Washington County, so the Army is likely to

have a problem with funding a public school outside the base. Chairman Griffin said he differed, noting that DoD has an extensive, world-wide school program. Moreover, good schools will attract people to a new area, while their absence will do the opposite. Mike Mason recommended that any letter to the Army be accompanied by others from COPT and the EDC indicating that a project would help to market the base and bring jobs.

Dr. Morgan reminded members that Cascade Elementary School had been slated to close, but the Washington County Board of Education suspended a decision until it could see what happened at the Fort Ritchie. At present, the school system does not want to spend money on the school because the number of students is dropping, while other schools are expanding and need capital improvement funds. Dr. Morgan and Mr. Ulzheimer agreed that it may be ten years before the school is affected by the redevelopment of the base. Ulzheimer asked why PMDC should spend \$1,000,000 if the County is not going to spend money on the school because its population is declining.

Ms. Bushey pointed out that preliminary allocation of funds for projects such as the Community Center, Phase I Cascade Elementary Improvements, and for funding PMDC's existence for the next seven years have been made. She said Phase II improvements for the Cascade School should be put on hold until the Board can determine if it is possible to spend the money for them.

Executive Director Rook commented that having an attractive elementary school in the area is crucial to economic redevelopment and to attracting people to work here. Ms. Bushey said that argument should be included in any letter to the Department of Defense seeking permission to spend the money, if that is what the Board decides.

Mr. Wivell stated that the Economic Development Application states that the Fort Ritchie water system is to be brought up to County standards and turned over to the County. While there was a long discussion about that at the Renaissance Committee meeting, he was hearing now that the only reason the water system was not on the list of recommended projects was because the dollar amount is unknown. He urged the Board to keep the water system at the top of its future discussions because of its importance to the County. Chairman Griffin recalled that, at the Renaissance Committee meeting, Mr. Wivell suggested that PMDC pay the County allocation fees after the water system is rehabilitated and turned over by COPT. But when he mentioned that to Rand Griffin, the COPT President objected to the idea of PMDC getting involved in the issue, which he felt was between COPT and the County. Moreover, COPT estimated the allocation fees to be in the range of \$200 million. The Chairman said the item could remain on the list of potential projects, but the Board would have to wait until negotiations between COPT and the County are completed.

Nominating Committee

Chairman John Hershey said the Nominating Committee proposed the following slate of officers for FY 2008: George Griffin for Chairman, Philip Ulzheimer for Vice Chairman, and Peggy Bushey for Treasurer. Mr. Hershey asked for additional nominations. There were none. Jack Simpson seconded the motion, which was approved unanimously. The Board is scheduled to vote for new officers at its July meeting.

COPT Operations

William Hofmann, COPT Senior Property Manager, Fort Ritchie I, noted that:

- Demolition in the barracks area should be completed shortly.
- Two chimneys among the finger buildings were demolished, and a small boiler room will be demolished soon.
- The old housing on Reckord Avenue and Mountain Road will likely be demolished by the end of the summer.
- The gutted former mess hall has been closed in and secured.
- A contract for removal of underground storage tanks has been signed, and 18 of them have been removed.
- Tweaking of the redevelopment plan continues, and COPT plans to meet with some of the county staff at the end of June. Depending on the outcome, COPT may present a revised plan to the Board in either July or August, after which it will be taken to the Washington County Board of Commissioners.
- Work with Allegheny Power continues on planning a new substation.
- The Community Center project is almost ready to be put out for bids.
- COPT's concession agreement with GT's at Lakeside Hall has been extended to December 31, 2008.
- Preparations are underway for Mountain Top Heritage Days, June 29 – July 1, 2007.

Chairman's Comments

Mr. Griffin asked members to mark their calendars for the next meeting scheduled for July 9, when elections of officers would take place.

The Chairman thanked departing Board members John Hershey, Ron Sulchek and Bill Wivell for their work on the Board, with special thanks to John Hershey and Ron Sulchek for their service as officers.

Approval of FY 2008 Budget

Before a motion for the approval of the FY 2008 Budget was made, Treasurer Peggy Bushey commented that if marketing expense is kept in the operating budget, it is with the understanding that the expense would need to be approved by the Board.

Phil Ulzheimer made a motion to approve the budget as noted. Mark DiLandro seconded the motion and it was approved unanimously.

David Russo departed at 8:35 a.m.

Public Comments

There were no public comments.

Convene in Close Session

Phil Ulzheimer moved that the Board go into closed session at 9:00 a.m., to discuss matters as permitted in Section 10-508 of the "State Government Article" of the *Annotated Code of the Public General Laws of Maryland*.

Before Ron Sulchek departed at 9:30 a.m., Chairman Griffin thanked him for his service on the PMDC Board, especially during the period when he served as Chairman.

In addition to the Board members, the following were present for all or part of the closed session: Jeffrey A. Bohn and Richard D. Rook.

During the closed session, the members – except for Washington County Commissioner Bill Wivell, who abstained – voted to recommend three persons to the Commissioners to replace those who were leaving the Board. The motion was proposed by Peggy Bushey, and seconded by Phil Ulzheimer.

Other topics discussed in closed session included (1) a personnel matter, (2) legal matters, and (3) negotiating strategy and proposals for uses of PMDC funds.

Reconvene in Open Session

At 9:45 a.m., Phil Ulzheimer moved that the Board reconvene in open session. He was seconded by Jack Simpson, and the motion was approved unanimously by the Board.

Adjournment

As there was no further business raised, Phil Ulzheimer moved that the Board adjourn. He was seconded by Betty Morgan, and the motion was approved unanimously by the Board.

At 9:48 the meeting was adjourned.

Respectfully submitted,



Richard D. Rook
Secretary