

**MAYOR AND COUNCIL MEETING WITH PETER FRANCHOT AND GUESTS
MAY 13, 2014**

Mayor Cerino welcomed Mr. Peter Franchot, Comptroller to Chestertown. In attendance were Council members, Liz Gross, Linda Kuiper and Mauritz Stetson, W. S. Ingersoll, Town Manager, Jennifer Mulligan, Town Clerk, and guests.

Mr. Franchot stated that he gives a Comptroller Medallion to Marylander's who make a difference and he presented Mitchell Reiss, President of Washington College with a medallion.

Mr. Franchot stated that he enjoyed visiting Kent County and Chestertown because there were good people with good values who appreciated civic leadership in this area, noting that it was also one of the most beautiful Towns in the State.

Mr. Franchot stated that he visited Chestertown frequently when the Upper Shore Center closed and jobs were lost. He said that ultimately the State was going to go back and do things over as it was a bad decision and the region should not have had to endure it. He said that there was a lot of pressure put on the local hospital and lack of services in the area. He said that he thought there would be a new mental health center in a couple years.

Mr. Franchot stated that he was quite fond of former Mayor Margo Bailey and all of the work that she did for Chestertown over the years.

Mr. Franchot stated that he was happy to hear that Mr. Thad Bench of Benchworks got a contract with Coca-Cola. He said that he was beating out top firms in New York City and representing Fortune 500 companies. He said that Chestertown was the only town he knew of that was able to fight off Wal-Mart and win. He said that Chestertown knew that a Wal-Mart was not the right kind of growth for this area and he commended the Town for doing what was right.

Mr. Franchot stated that the State of Maryland processed 2.7 million tax returns in the last 2 months, 86% of which were filed electronically. He said that refunds were taking on average 2.1 business days and they have transferred \$1.8 billion from the treasury to Marylanders.

Mr. Franchot stated that the State's budget was stable and balanced, but balanced on 2 volatile, unreliable sources of revenue (stock market and gambling). He said that the budget was being kept afloat by capital gain revenues. He said that when Northern Virginia puts a casino in the gambling revenues would then go out of State. He said that gambling revenues and the stock market have been used to fund important things that would not go away and he said that the policy makers did not understand the basics of the revenues and expenditures, noting that the budget was based on the thought process of what came in one year was going to be there the next.

Mr. Franchot stated that the debt, combined with tax increases, utility increases, water increases, fees and tolls drains disposable income from consumers. He said if there was no disposable income it would contract the State's economy and would be reflected in the budget revenues. He said that he thought it would be easy to fix by freezing taxes and increases for a 3 year time span.

Mr. Franchot stated that the bureaucracy had to have a new mindset where the private sector is the driver of jobs and economic activity and the public sector helps the private sector to create more jobs.

Mr. Franchot Stated that customer service in the bureaucracy had to be respectful, responsive and get results. He said that if this happened the State would benefit greatly across the board.

Mr. Franchot stated that the unemployment problem was considerable as was the absence of wage growth, which is almost dead last in comparison to the rest of the country.

Mr. Michael Harvey, Kent County School Board, asked what could be done to encourage business to come to Kent County. Mr. Franchot stated that the lack of a major highway created a dynamic that can be used as an advantage. He said that there are more convenient places from a transportation standpoint, but access to the digital highway was available so finding people who did not want to be part of the "rat race" would be a good model.

Mr. Bob Ramsey of Finishing Touch stated that higher income people were leaving Maryland as their domicile and asked what was being done about that. Mr. Franchot stated that there was a discernable trend of people with resources locating out of State to avoid the State tax. He said that the legislature reformed the inheritance tax structure this year and will recouple it with the federal government the next 4 years.

Mr. Stetson stated that too often politicians are elected to an office and begin campaigning for another office. He said that he followed Mr. Franchot's career and thought that he worked very hard at his job and commended him for running for reelection.

Mr. Franchot stated that there was a wind project in Somerset County that has been ripped away by legislature in Annapolis. He said that Somerset County has negotiated for 4 years with a Texas Company called Pioneer Green on a 150 megawatt electric generated series of wind turbines, which was a \$200,000,000.00 project. He said that this was not only a perfect location for the turbines, but Somerset County was at a point on the electric distribution system where they were at the end of the line causing electricity rates to be expensive. Additionally, the area is poor and in dire need of an economic boost. Mr. Franchot said that the project was in place to go and would create much needed jobs in the area. He said that the legislature passed a Bill putting a temporary moratorium on the project which, in essence, killed the project. This was pushed by people in southern Maryland because they were concerned that the military base would have its radar capability jeopardized. Mr. Franchot stated that a settlement had already been negotiated with the military base where the turbines would be shut down during military tests. He said that the Bill was with Governor O'Malley right now and letters in support of the wind project and against the moratorium could be sent to the Governor.

Mr. Franchot stated that if anyone in Chestertown has an issue that they need help with, he was happy to put his hand out when he thought something was the right thing to do.

The meeting ended at 2:50 p.m.

Submitted by: 
Jennifer Mulligan
Town Clerk

Approved by: Chris Cerino
Mayor