

**MARYLAND HISTORICAL TRUST  
BOARD OF TRUSTEES' MEETING**  
Carroll County Farm Museum, 500 South Center Street, Westminster, MD 21401

May 11, 2017

Pursuant to notice, the regular meeting of the Board of Trustees of the Maryland Historical Trust (MHT) was held at the Carroll County Farm Museum, 500 S. Center Street, Westminster, MD 21401 on May 11, 2017.

Trustees present: Mmes. Filkins and Mears and Messrs. Edson, Feldstein, Lighthizer, Luckenbach, and Poffenberger.

Area Representatives present: Messrs. Callan, Camlin, Eshelman, Reed, and Stek.

Maryland Department of Planning: Ewing McDowell, Deputy Secretary.

Office of the Attorney General: Paul Cucuzzella, Rieyn DeLony.

Maryland Historical Trust Staff: Kate Bolasky, Michael Day, Elizabeth Hughes, Allison Luthern, Kathy Monday, Anne Raines, Mark Thompson, and Elizabeth Totten.

Guests: Nicholas Redding, Preservation Maryland; Marlin Mills, Fred Spicer, Scottish Rite Charitable Foundation; Joanne Weant, Scott Holnicker, Carroll County Farm Museum.

**B1            CALL TO ORDER**

Mr. Edson, Chair, called the meeting to order at 10:00 a.m. A quorum of Trustees was present.

Mr. Day introduced MHT staff member Elizabeth Totten who was recently hired to assist with the administration of the Maryland Heritage Structure Rehabilitation Tax Credit Program.

The Board welcomed Ms. Totten in her new position at the Trust.

**B2            APPROVAL OF MINUTES**

Ms. Filkins made a motion, seconded by Mr. Camlin that the February 7, 2017 minutes be approved as submitted. The motion was approved unanimously.

**B3            COMMITTEE REPORTS**

**B100        Capital Programs**

**B101        Easement Program Overview – Report**

Ms. Bolasky and Ms. Luthern presented an overview of the MHT Easement Program and

answered Board members' questions following the presentation.

**B102R          Scottish Rite Temple Easement Appeal**

Mr. Day explained to the Board that the Scottish Rite Charitable Foundation received 2016 bond bill funding in the amount of \$150,000 for the "acquisition, planning, design, construction, repair, renovation, reconstruction, historic preservation, and capital equipping of the Scottish Rite Temple, located in Baltimore City." The current project is for the repair/replacement of the historic Indiana limestone steps leading to the front entrance of the building. The Scottish Rite Temple was designed and built in 1930 by noted architect Clyde N. Friz in consultation with prominent architect John Russell Pope and is Neoclassical in style. The building is dominated by a large columned portico reminiscent of the Pantheon, with eight 34' Corinthian capitals. The Scottish Rite Temple contributes to the Tuscany-Canterbury National Register Historic District and was added to Baltimore City's list of historic landmarks in 2009.

As required by the Bond Bill, 2016 Md. Laws, ch. 27 at 72, MHT examined the proposed project to assess its effects on historic properties and to determine whether, prior to the issuance of the bonds, the property owner should convey a perpetual historic preservation easement to the MHT. After review, the MHT determined that the Scottish Rite Temple is considered eligible for listing in the National Register of Historic Places. In accordance with MHT policy regarding National Register eligible or listed properties receiving Bond Bill grants, a perpetual preservation easement on the interior and exterior of the property was requested by letter dated August 19, 2016. The requested easement was to be conveyed to MHT prior to issuance of the bonds.

Mr. Day noted that in November of 2016, based on subsequent meetings and phone conversations between MHT, MDP, and the Maryland Scottish Rite Charitable Foundation, MHT reconsidered the scope of the perpetual preservation easement requirement on the Scottish Rite Temple. By letter of December 2, 2016, the Maryland Scottish Rite Charitable Foundation was informed that the draft easement would be revised to include only the exterior of the building and property. Under this scope, MHT would have review authority over the condition of, and changes and alterations to, the exterior of the building and site only.

On January 31, 2017, the Maryland Scottish Rite Charitable Foundation formally appealed MHT's easement requirement to the Board of Trustees of the Maryland Historical Trust.

Mr. Marlin Mills and Fred Spicer of the Maryland Scottish Rite Charitable Foundation presented their appeal to the Board of Trustees. Mr. Mills communicated the concerns of his Board regarding the perpetual nature of the easement and suggested that an easement term of 2 to 3 years be instituted instead.

The Board discussed the intent of the easement and the purpose for the perpetual term of the easement.

Mr. Reed made the following motion, seconded by Mr. Feldstein, that the following resolution be approved. The motion was approved unanimously.

**RESOLVED**, that the Board of Trustees of the Maryland Historical Trust denies the appeal of the Director's decision requiring the Maryland Scottish Rite Charitable Foundation to convey an easement on the exterior of the Scottish Rite Temple to the Maryland Historical Trust.

B103R            Easement Appeal Procedures

Mr. Cucuzzella explained that where the terms of a preservation easement held by the Trust require prior consent of the Director for, among other things, changes or alterations of or to the property encumbered by the easement, the easement grantor is required under the easement to make a written request for consent to the Director. The Director has forty-five (45) days after the Director's receipt of grantor's request to make a written determination on the request. Any such written determination that includes a denial, in whole or part, of the grantor's request may be appealed to the MHT Board of Trustees.

Mr. Cucuzzella noted that the procedures presented for consideration by the Board outline for the Board the basis on which easement appeals must be considered. The procedures clarify that a decision of the Board to reverse or modify, in whole or part, the Director's determination shall be based upon a finding of the Board that the Trust incorrectly applied the Secretary of the United States Department of the Interior's *Standards for the Treatment of Historic Properties* (Part 68, Title 36, Code of Federal Regulation), and that the correct application of *Standards* justifies the reversal or modification of the Director's determination. This justification, and the description of the correct Standard applied by the Board, is to be articulated in the Board's resolution on the appeal.

Mr. Cucuzzella also explained that the policy provides that the decision of the Board on an appeal, as adopted by resolution, is final, may not be revised by the Board, and is not subject to administrative or judicial review. The Board's review of an appeal is not a contested case and is not subject to administrative or judicial review under Administrative Procedure Act, State Government Article, Title 10, Subtitle 2, Annotated Code of Maryland.

Mr. Reed made the following motion, seconded by Mr. Feldstein, that the following resolution be approved. The motion was approved unanimously.

**RESOLVED**, that the Board of Trustees of the Maryland Historical Trust approves the proposed guidelines and procedures governing review, consideration and disposition of appeals filed with the Board on requests made by grantors of historic preservation easements held by the Trust that require the consent of the Director. These guidelines and procedures are intended to rescind and replace, in whole, all other policies, guidelines or procedures previously adopted or utilized by the Board concerning this subject matter.

B104R            Hagerstown Firehouse Loan

Ms. Raines requested that the Board approve the award of a historic preservation loan for the benefit of Junior No. 3 Firehouse located at 105-107 N. Potomac Avenue in Hagerstown, Maryland. Ms. Raines explained that the Loan would be used to refinance the Borrower's existing loan with Kurt H. Cushwa and Margaret A. Cushwa, which has a current principal

balance of approximately \$200,000, monthly P&I payments of \$1,908.30 at an interest rate of 7% over 10 years. The proposed Loan repayment terms would reduce Borrower's monthly payment to \$1,865 over 18 years at 2.96% interest. The balance of the Loan will be used to pay a portion of the costs of rehabilitation of the exterior, including full scaffolding of front façade to allow repair of stained glass windows, repair/replacement of slate mansard roofs at front elevation and belfry, replacement of four dormers in belfry, replacement of windows in belfry dormers, repair/replacement of built-in gutters, removal of non-historic marquee, masonry repointing, and repainting. Project costs for exterior rehabilitation are approximately \$248,913.

Ms. Raines noted that the Loan will be secured by a first lien mortgage or indemnity deed of trust (IDOT) on the Property in favor of MHT, and possibly a personal guarantee of the members of the LLC. If an IDOT is given on the Property, MHT will require an IDOT guarantee. An easement will be required as a condition of the Loan. The interest only period is offered during the anticipated two-year period of rehabilitation, during which there is expected to be no rental income from the property.

Mr. Feldstein made the following motion, seconded by Mr. Reed, that the following resolution be approved. The motion was approved unanimously.

**RESOLVED**, that the Maryland Historical Trust Board of Trustees recommends to the Secretary of Planning the making of a loan under the Maryland Historical Trust Loan Program in the maximum principal amount of up to Three Hundred Twelve Thousand Dollars (\$312,000) (the "Loan") from the MHT Loan Fund to Firehouse Rentals LLC (the "Borrower") for the refinancing and rehabilitation of Junior No. 3 Firehouse located at 105-107 N. Potomac Avenue, Hagerstown, Washington County (the "Property"). The recommended Loan term is twenty (20) years, with an initial two-year interest only period, followed by monthly payments of principal and interest sufficient to fully amortize the Loan over the remaining term, at an interest rate which will be set relative to the applicable State GO bond yield at the time of closing on the Loan.

Mr. Feldstein asked that staff include photographs of properties that are the subject of Board action items in the Board packet in advance of the meeting.

B200            Survey, Registration, Community Education & Museums

B201            MHT Board Preservation Awards – Report

Ms. Hughes reported on the MHT Board Preservation Awards, which were held on April 20, 2017. The awards event was attended by approximately 150 people; 3 Board members were in attendance.

Mr. Edson requested that for the 2018 awards ceremony, the Board meeting be held the same day as the awards ceremony to ensure that Board members can attend.

B202 Jefferson Patterson Park and Museum - Report

Mr. Thompson reported on recent activities at Jefferson Patterson Park and Museum. Mr. Edson asked that a Board meeting be held at the museum sometime during 2018.

B300 Management & Planning

B301 Interim Actions of the Executive Committee

**MHT Board Executive Committee Teleconference Minutes**

**Tuesday, April 25 at 10:00 AM**

**MHT Board Executive Committee: Bailey, Edson, Luckenbach**

**MHT Staff: Elizabeth Hughes**

Mr. Edson, Chair, called the meeting to order at 10:03 a.m. A quorum of the Executive Committee was present.

**Survey, Registration, Community Education & Museums**

Ms. Hughes reported that there were two funding items that required the Board's attention before the July Board meeting when such requests were typically reviewed.

**1. MHT Staff Recognition Awards**

The "MHT Board of Trustees Recognition Awards Program" is designed to recognize exemplary performance in the public interest by an employee engaged in carrying out the mission of the Trust. The awards program is one component of an annual offsite, day-long MHT all staff meeting that includes a catered lunch that is paid for with these funds.

Due to scheduling issues at the desired venue (Historic Londontown and Gardens), the FY2018 all staff meeting will be held in advance of the start of the new fiscal year - on June 15, 2017. Since expenses will be incurred in advance of the start of the new fiscal year, a forward commitment of FY2018 Board funds is needed to permit the Trust to host the event on the available June 15<sup>th</sup> date.

**2. Capital Historic Preservation Grant Award Administrator**

The FY2018 budget includes \$600,000 in support of the return of the Capital Historic Preservation Grant Program. The Trust cannot absorb the administrative duties required for administration of these funds within its existing staff resources. Funding for a contractual position needed to carry-out these program responsibilities was requested as part of the FY2018 operating budget submission but was not approved by the Department of Budget and Management.

The Trust is now seeking to create a contractual Capital Grant Administrator position that would both lead the Capital Historic Preservation Grant Program and carry out administration duties for capital grants awarded through the Maryland Heritage Areas Program. In FY2018, the position would be split-funded using special funds from the Maryland Heritage Areas Program (\$36,242) and the MHT Board (\$36,242) – should this request be approved.

Dr. Luckenbach made the following motion, seconded by Ms. Bailey, that the following resolution be approved. The motion was approved unanimously.

**RESOLVED**, that an expenditure of up to \$39,242 from the MHT Heritage Preservation Fund in fiscal year 2018 to support the following projects is approved:

- Up to \$3,000 for MHT Staff Recognition Awards; and,
- Up to \$36,242 for the Capital Historic Preservation Grant Administrator position.

### **Management & Planning**

Ms. Hughes reviewed the agenda for the MHT Board meeting scheduled for Thursday, May 11th from 10 am to 12 pm at the Carroll County Farm Museum in Westminster, Maryland.

Meeting adjourned at 10:25 a.m.

#### **B302 Investment Committee – Report**

Mr. Poffenberger reported that the MHT Board Investment Committee met with the Board's investment advisor by teleconference on May 4th. He reported that while the market remains strong and Board investments performed well, Brown Advisory adjusted the Maryland Heritage Fund portfolio in mid-January, reallocating about 10% of the fund out of stocks and into bonds and cash due to concerns about the future performance of this late stage bull market.

#### **B303 Litigation & Legal Issues**

Mr. Cucuzzella reported that the Trust is involved in no legal or litigation issues at this time.

#### **B304 Budget & Legislation**

### **State Budget and Legislation**

Ms. Hughes reported that the Governor's final budget for fiscal year 2018 was especially notable as it included a return of the Maryland Historical Trust Non-Capital and Capital Historic Preservation Grant Programs. Funding for the Trust's financial assistance programs in FY2018 will include:

- Non-Capital Grant Program funds totaling \$200,000
- Capital Historic Preservation Grant Program funds totaling \$600,000
- \$9 million for the commercial side of the Maryland Heritage Structure Rehabilitation Tax Credit Program

- \$1 million for the African American Heritage Preservation Grant Program
- \$2.7 million for the Maryland Heritage Areas Grant Program

Ms. Hughes reported that the 2017 General Assembly session was distinguished by the passage of two bills that will significantly benefit Trust programs:

- HB267; SB257 – Authorized an increase in Maryland Heritage Areas Program funding from \$3 million to \$6 million annually provided that these additional funds are appropriated from the state side portion of Program Open Space funding.
- HB1513 – Requires the appropriation of \$1.5 million to the MHT Grant Fund “subject to the limitations of the state budget.” This bill also permits MHT to utilize up to 5% of general funds appropriated to the fund to be used annually to pay for administration of the grant fund

Ms. Hughes noted that the advocacy efforts of Preservation Maryland and the Maryland Coalition of Heritage Areas were critical to the passage of these bills and the retention of funding in the Trust’s various financial assistance programs.

#### Federal Budget and Legislation

Ms. Hughes reported that the spending agreement for the final five months of federal fiscal year 2017 (which concludes on September 30, 2017) includes over \$80 million for the Historic Preservation Fund. Within this amount, \$47.9 million is provided for grants to State Historic Preservation Offices and \$10.4 million is provided for grants to Tribal Historic Preservation Offices. The \$47.9 million appropriation for SHPOs is a \$1 million increase for States and represents the first time SHPOs have had their portion of the HPF increased since the recession.

The bill also includes \$13.5 million for competitive grants of which \$500,000 is for grants to underserved communities and \$13,000,000 is for competitive grants to document, interpret, and preserve historical sites associated with the Civil Rights Movement. The agreement also includes \$4,000,000 for competitive grants to Historically Black Colleges and Universities (HBCUs) and \$5,000,000 for the Save America's Treasures competitive grant program for preservation of nationally significant sites, structures, and artifacts.

The preservation community continues to be concerned about the impact of tax reform on the federal Historic Preservation Credit and is seeking co-sponsors for the Historic Tax Credit Improvement Act (S.425; H.R.1158).

#### Announcements

Dr. Eshelman reported on the recent arson of the Locust Inn, a Calvert County historic landmark whose owners had unsuccessfully sought to rescind the property’s local historic landmark designation in order to pursue demolition.

Ms. Filkins requested that a report on David Craig’s work with the World War I Centennial Commission be provided at the next meeting.

Ms. Raines announced that MHT will be hosting a workshop entitled *Weather It Together: Protecting Maryland's Historic Buildings from Floods* in Crownsville on May 22<sup>nd</sup> and the annual Tyler Bastian Field Session in Maryland Archeology will be hosted with the Archeological Society of Maryland at the site of Calverton in Calvert County from May 26 through June 5.

Ms. Hughes distributed copies of the Maryland Historical Trust Annual Report for FY2016 and announced the May 22<sup>nd</sup> Non-Capital Historic Preservation Grant Application Workshop which will be held at the Trust's offices in Crownsville from 1-3 pm.

The meeting adjourned at 12:15 p.m.

Mr. Charles L. Edson, Chair

Elizabeth Hughes, Director