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HONORABLE NANCY KOPP, Treasurer;

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of Public Works; and,

MARION BOSCHERT, Recording Secretary, Board  
of Public Works.

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---P R O C E E D I N G S

LIEUTENANT GOVERNOR BROWN: Good morning.

AUDIENCE: Good morning.

LIEUTENANT GOVERNOR BROWN: Welcome to the January 2nd meeting of the Board of Public Works. I'm Lieutenant Governor Anthony Brown. I'll be presiding today in the absence of Governor O'Malley.

Let me start by saying Happy New Year to each and every one of you and to your families. I hope that for you 2013 is healthy, happy, prosperous. If it's half as successful as 2012 was, certainly for me, where I got married, my daughter went off to college, then it's going to be a grand year for you.

(Laughter.)

LIEUTENANT GOVERNOR BROWN: And I'm expecting the same for myself. But it's a real pleasure to be back here. I want to thank those of you in the public sector for everything that you do day in and day out. Your teams, your departments, your agencies, what you have done over the past

several years in very difficult times and have brought us this far so far. And again, I think the outlook for 2013 and beyond is favorable. I'll let more experienced and seasoned people speak maybe more accurately to that, but that's just my sense. That the outlook is favorable and that 2013 is going to be a great year. So together we'll move forward. And with that, Madam Treasurer?

TREASURER KOPP: Thank you. And Happy New Year to everybody. I certainly hope you are right. The most conclusive thing I can say, I remember our former colleague Buzz Ryan was wont to say, "The future lies ahead." That's a great statement.

(Laughter.)

LIEUTENANT GOVERNOR BROWN: Can't refute that one.

COMPTROLLER FRANCHOT: Yeah.

TREASURER KOPP: But I do hope that the United States Congress will be able to deal openly and factually with the situation, and do it in a way that

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helps instead of hurts. We are waiting to see. The states are to some extent at their mercy.

In greeting the New Year I would just like to mention briefly a friend who passed at the end of last, former Senator, former Judge, former Delegate John Coolahan, who was known as the Lion of Halethorpe, and actually was one of the prime moves in the creation of the University of Maryland in Baltimore County. Which we forget is a relatively new institution, which just garnered international praise again for its outstanding chess team, among other things. But John Coolahan was a major player in the 1970's and '80's in Annapolis, before he went on the bench and made a significant contribution and we will miss him. And with that.

COMPTROLLER FRANCHOT: Thank you, Governor.

LIEUTENANT GOVERNOR BROWN: Wasn't it the Chairman, Chairman Ryan also said when you come to a fork in the road, take it.

TREASURER KOPP: I think he was quoting his favorite philosopher, Yogi Berra, but yes, he did.

(Laughter.)

COMPTROLLER FRANCHOT: I just also want to wish everybody a Happy New Year and hope you had an enjoyable holiday season. And speaking of the future, I'm making plans for an I-95 Super Bowl between the Redskins and the Ravens.

(Applause.)

COMPTROLLER FRANCHOT: You know, I predicted an Orioles-Nats World Series, which people called me crazy back in April. But it was, that was one of the nicer things they called me.

(Laughter.)

COMPTROLLER FRANCHOT: But even I didn't anticipate the football season which has been so exciting and successful. Both of our teams are headed into the playoffs. They will be hosting games this weekend. You can just feel the sense of pride in Maryland, frankly, and the extra little step and jump



in everyone's step when the Skins and Ravens are going well. I'm looking forward to two victories this weekend. And trust me, I can see it in the sales tax revenues.

(Laughter.)

COMPTROLLER FRANCHOT: People feel better. But we all enjoy the spectacular new quarterback for the Redskins, and the wonderful running back Alfred Morris. And then Ed Reed and Ray Lewis for the Ravens, and others. So here's to success for them.

I would like to just touch on a different kind of game and spectacle that we've been watching in recent weeks. Definitely not a source of pride. In fact, it's something that has united the vast majority of most Americans of both parties. And that is the partisan gridlock that has paralyzed Washington. And recently resolved, but the spectacle, and I use that word deliberately, I think was incredibly upsetting and troubling to most Americans. And obviously something is broken in the political system. People

who are beholden to the most bellicose and uncompromising voices within their own parties, and frankly not to the general public. The spectacle of people playing inside political games with our nation's economy, the financial interests of virtually every middle class family in this country, and even the full faith and credit of the United States.

Maryland, because of its proximity as you know, has an extraordinary dependence. So Lieutenant Governor, we are not just joined at the hip. We're joined at the knee, hip, back, shoulder, and head with the federal government. And if the cuts that had been proposed had gone through they would have had a disproportionate negative effect on our great state.

So we have a, somewhat of a resolution for the public budget. But we have what can only be described as a weak and halting recovery, and a lethargic economy. And that would have been even more damaged by the loss of jobs, public and private sector investment, tax increases, and the stock market if the

resolution had not been reached. And for all the political posturing and tiresome rhetoric, we're still no closer to a serious bipartisan effort to address America's debt crisis, which threatens our economy, our long term fiscal sustainability, and even our standing as a leader among nations. This has been an object lesson in how political dysfunction, in which blind partisan loyalties and childish political gains trump the nation's interest, has a harmful effect on all of us. I'm still hoping against hope that our leaders in Washington will finally begin to understand how disgraceful all of this looks to the American people and to our friends throughout the world. I hope they will grow up, get their acts together, sit down as adults to work through the long term fiscal threats facing this nation in a manner that doesn't do catastrophic damage to our nation's economy.

While I wait for that to occur, I wish everyone a healthy and prosperous 2013. It's truly a privilege to work with each of you. And Lieutenant

Governor, welcome. It's a pleasure to have you here leading the Board of Public Works.

LIEUTENANT GOVERNOR BROWN: Thank you, Mr. Comptroller. So let's go ahead and start with the Agenda for the day. I'd like to begin with Department of Budget and Management, and if we could start with Item 10 on that Agenda? So Madam Secretary Foster, good morning. And do you want to just introduce your calendar and bring up whoever you need to bring up, particularly on Item 10?

MS. FOSTER: Okay. Good morning, Mr. Comptroller, Madam Treasurer, and Lieutenant Governor Brown. Item 10 is a -- there are ten items on the Department of Budget and Management's Agenda for today. Item 10 is a request to expand the overall capacity of the Silver Oak Academy for residential services. It's currently 48 beds. This proposal would increase it to 96. And I think Secretary Abed is here.

LIEUTENANT GOVERNOR BROWN: He is. So come on up, Mr. Secretary, tell us about it. I know that there is going to be some opposition. I know that also Senator Zirkin is here. Good morning. Happy New Year to you. I see Delegate Aisha Braveboy is here as well on a different item. Good morning, and we'll get you up real soon. But let's go ahead, Secretary, and hear on Item 10.

MR. ABED: Thank you, Mr. Lieutenant Governor, Madam Treasurer, and Mr. Comptroller. Sam Abed for, Secretary, Department of Juvenile Services. So we are here today regarding an expansion of the Silver Oak Academy. This is a, currently a 48-bed privately operated treatment facility that is located in Carroll County, Maryland.

So why are we asking today to expand Silver Oak? DJS has been struggling with the issue of youth awaiting placement for a treatment program for over a decade. Youth in this status wait in detention facilities until a treatment bed opens up which meets

their identified needs. And the time spent waiting for that bed does not count for purposes of their release from custody. As a result of the time not counting towards release, youth in this population become very frustrated. This frustration leads to increased rates of incidents. And additionally, once a youth has been waiting for a long period of time and then is placed into a treatment program, that built up frustration can impair the ability of the program to get the youth to engage in their treatment model. And this of course frustrates the goals of the commitment and depresses the opportunity for success.

This is an unjust circumstance for committed youth and this must be addressed. Soon after I took office at DJS two years ago, the population of youth awaiting placement stood at nearly 200. To address this, DJS sought a change in the law to allow the department flexibility to move youth once in placement from one committed program to another without a lengthy detention stay and additional hearings that

held them up. In addition to this, the department has changed some of our internal processes to ensure that we are as efficient as possible. As a result, the number of youth awaiting placement has been driven down to today where it stands at 106.

The efforts we have made have squeezed as much efficiency as possible from the space that we have, but alone these cannot overcome the deficit of treatment beds that exists. In addition, prior to 2007 DJS did not fund any evidence based services slots in the community. And since then DJS has invested \$19 million in evidence based services to provide intensive treatment services in the community.

And with all these efforts, with the efforts of the department to reduce the pending placement population, to maximize our efficiency to get treatment beds in the community, we still have a persistent, although smaller, population of youth that is not being served.

So we need to correct this. And I know that many of you may have questions, and the first question I would like to answer before it is asked is why was this not raised at the May 23rd Board of Public Works meeting?

TREASURER KOPP: Why on the contrary did you say no, there is no expansion?

MR. ABED: At that meeting, Madam Treasurer, we were renewing the contract for the 48 beds. We were of course well aware of the existing pending placement population. But we had just requested and received legislation, Senate Bill 245, which was in the process of implementation, and we also had a JCR legislative report that was imposed on us to report on expansion at Silver Oak that was due in December. We had not completed the data analysis on that.

As we did that analysis we looked through the data and I believe, Betsy, do you have copies of the JCR?



TREASURER KOPP: I think we have copies of it.

MR. ABED: You may have copies. And if you have them, what you will see is a number of snapshots, and they start on page six of that JCR report. Snapshots of the data of our pending placement. And this is us looking at it a lot differently. In the past we had always looked at that data as a whole. This is the awaiting placement population. What I asked our folks to do in research was to refine that data and look at it by the type of placement that's needed. Once we had that completed we could see, and as you can see in this on page six, and in the following pages, that the largest need is for staffed secure placements. We had to do that analysis first. Because to open up beds somewhere where they are not needed would just be wasteful and would not address the issue that we have with pending placement. So --

TREASURER KOPP: And when did you start doing that?

MR. ABED: When did we start --

TREASURER KOPP: Just out of curiosity.

Were you not contemplating doing that last May?

MR. ABED: Last May I was looking at treatment beds wherever I could find them. But I did not have the data to support an expansion at Silver Oak at that time. So we had to first look at the data. We had to identify where the need was. And then we submitted that report, and that was due at the end of August, Madam Treasurer. So this is from May until August and into September. I've known about the pending placement problem since the day I started here. But in terms of how to address it, we had to look at that data, refine that data, and understand what the issue was and where the kids were that needed the help. The report was due in September. And then in addition to that we also had to comply. Any expansion cannot be done just by simply asking for additional budget, but to do the statement of need process. And we undertook the statement of need

process in August. We began that process. We published that statement of need in the *Maryland Register* so that all could see it. And in addition we consulted with a number of different groups that were advocating on this issue.

So we met with Advocates for Youth and Children; with MARFY, the Maryland Association Family and Youth Services; the Juvenile Justice Monitoring Unit; the Office of the Public Defender; I met with Senator Zirkin, who is here; as well as other legislators. And personally advised them that we were going to be looking at Silver Oak expansion, and that the statement of need was in the *Maryland Register* for everyone to see.

In addition to that we met with the Office of the Public Defender. They have a Juvenile Protection Division. And I would just note that the Office of the Public Defender has submitted a letter of support, a very strong letter of support, for

expansion at Silver Oak to address that youth awaiting placement problem.

LIEUTENANT GOVERNOR BROWN: What's the average length of stay for which the youth are not receiving credit? Do you have any sense?

MR. ABED: For youth that are awaiting placement?

LIEUTENANT GOVERNOR BROWN: They are waiting for placement so they are detained, but they are not getting credit for that period of time.

MR. ABED: It can range. And the problem with looking at the average is that we do have some outliers that are very, very long, and they sort of pull up that average. But typically they stay 30 to 60 days awaiting a placement. And if it is a difficult placement, or if there isn't room at Silver Oak or at the youth centers, it can extend much longer than that, up to a year.

LIEUTENANT GOVERNOR BROWN: Mm-hmm.

MR. ABED: And as I said, those youth that are awaiting placement, that there is not an option for them to go into, none of that time counts for purposes of their commitment. So once they do get placed, then the clock starts to tick and their placement begins to run. And so when we are dealing with families, and we were looking at these kids that are in our detention centers, filling up beds where they shouldn't be, it's very difficult for me to look them in the eye and say, "Sorry, we don't have a bed for you. You are going to have to stay in this detention center." And I don't want to say that to them unless I have done everything in my power to try and change those circumstances. And I do have the authority in the Code to do that with the consent of the Board of Public Works.

TREASURER KOPP: You are planning on filling these beds, as I understand it, in a staged manner over time. With these, with young people who are now in detention, or avoiding extended detention. What

about the out of state youth? Are we just giving up on that aspect?

MR. ABED: No, I'm not giving up on that. But I have to be frank with you and say that this is probably not going to have a significant impact on the out of state youth population. When you look at our data --

TREASURER KOPP: Because of the type of treatment that --

MR. ABED: Well because of the need that we have for kids awaiting placement. Generally we have between 50 and 60 kids waiting for staffed secure placements at any given time. And so those would be my priority to use those beds for first, because they are not receiving any treatment. Where at least the out of state kids are getting some treatment. And they are receiving their treatment, and they are, you know, making their progress towards returning home. So first I think the priority has to be to address the youth that are awaiting placement, because that's the

real injustice, you know, in the system for those kids. There may be some youth that would have otherwise gone out of state but for a bed not opening up.

TREASURER KOPP: But that's not the focus?

MR. ABED: But it's not going to be a significant number to really reduce that out of state population. We just, we don't have enough capacity for that.

TREASURER KOPP: I know we have people we want to hear from. Let me just say my basic concern, which I think you know, Mr. Secretary, is that when you get, the larger an institution gets the more it gets all the indices of an institution. People are institutionalized. It's cheaper, because there are some efficiencies. And so there is always a tendency to get bigger and when you get bigger to turn into a warehouse. This has happened in cycles many times, in this State and elsewhere. And one of the reasons that you were pressed not to increase beyond 48 was this

concern. Not because people didn't understand the need for placement for detainees. So what are you going to do, and clearly I understand that you, like many of the departments, see this Board as just one more station that you have to go by getting something done, and you obviously can run on many tracks at one time. And you were addressing, when you answered my questions in what might be perceived as a misleading way, it was not intentionally misleading, it's just that you were going down another track at the same time, going towards a larger institution when you said, "No, no, no more than 48." I understand how that happens. But what are you going to do to assure us and the public that in fact we are not going to go through the same cycle that we went through before. With contracted services leading to mistreatment of youth or staff, as it has time after time after time?

MR. ABED: Right. To address the issue of is this a warehouse? It is absolutely not a



warehouse. If you look at the Juvenile Justice Monitoring Unit reports --

TREASURER KOPP: Understand, it's never intended to be a warehouse. So what's different this time?

MR. ABED: Well what's different is that we're doing this in a measured way. And in terms of the program itself, they have excellent, they have staffing, they have excellent training for their staff, they provide excellent services. What becomes a warehouse, a 20-bed facility can become a warehouse if it's not properly staffed, if it's not operated well, if the conditions are bad, or if the management doesn't hold their staff accountable. Those are the real critical issues --

TREASURER KOPP: Or the department doesn't hold the management accountable.

MR. ABED: Or the, yeah, exactly. Exactly. And so --

TREASURER KOPP: So what's different this time?

MR. ABED: Well this time there is accountability. There is absolutely a track record of accountability from Silver Oak. There is an accountability track record from the department, holding not only our own facilities accountable but all the facilities that we contract with. And we contract with over 120 different providers. In addition what would restrain future growth, I think is one of the issues you asked about. In order to enlarge any facility we would have to go through the same process that I just earlier described, which is going through the statement of need process, publicly putting it in the *Maryland Register*, receiving that feedback from stakeholders, and coming to the Board of Public Works for approval.

But I think that the most significant restraint on that is one, when you look at our data this satisfies the majority of those youth awaiting

placement for staffed secure treatment beds. So there is not going to be a need for more expansion there. Secondly, we're aggressively pursuing our capital plans. And once we can get these facilities online there will not be a need to expand privately run facilities. And that's the overall goal that we've had here in Maryland, and purporting the Maryland model and putting that forward is to have small regionally based facilities.

TREASURER KOPP: Right.

MR. ABED: But in the interim, I've got a population of kids that's not being served. And I know the realities of capital projects and constructions, and I've hit those, hit my head against those already in my two years here. It is very difficult to site those places and to actually construct them. And I cannot forsake the kids that we have now and that we will be getting for the next few years in favor of a vision of a perfect system. I've got to treat those kids. I have an obligation. And I

can't look the in the eye and say that I've done everything unless we've done everything to try and serve them properly.

TREASURER KOPP: Is the progress on the master plan, and what you say our ultimate goals are incorporated in the Maryland model, is that part of StateStats? Is that recorded on a regular basis?

MR. ABED: I am regularly asked about the capital plan at StateStat and into very minute detail about how progress is going on individual pieces of the capital plan as well, yes.

TREASURER KOPP: I know there are others --

LIEUTENANT GOVERNOR BROWN: Yep. Anything else right now? Don't go anywhere.

COMPTROLLER FRANCHOT: No, I just want to --

MR. ABED: Absolutely.

COMPTROLLER FRANCHOT: -- indicate that, you know, the Treasurer has been a leader on these issues for 25 years. And so I'm going to -- well, maybe not that long. Sorry, I apologize.

TREASURER KOPP: No, it's been 25 years.

It's the leader part that I --

(Laughter.)

COMPTROLLER FRANCHOT: But I appreciate you raising those questions. And I look forward to what the Treasurer would like to do with this situation. Because it's a very vexing problem that never seems to get happily resolved.

MR. ABED: It is. And I appreciate the issues that, Madam Treasurer, you've raised. I share many of those issues with you. And I guess where I fall on this is, you know, do we sacrifice the ideal? Or do we sacrifice the kids? And I think that we have to go in favor of our kids, and then push for that ideal system and continue making that happen. But in the interim I cannot forsake the kids that we have with us today.

LIEUTENANT GOVERNOR BROWN: Okay. So I'm sure you'll be coming back to the podium, perhaps. And who do we have signed up?

SECRETARY MCDONALD: Senator Zirkin was the only person who called in.

LIEUTENANT GOVERNOR BROWN: Okay. Come on up, Senator Zirkin. Happy New Year.

SENATOR ZIRKIN: Happy New Year.

LIEUTENANT GOVERNOR BROWN: Welcome to the Board of Public Works.

SENATOR ZIRKIN: Thank you. Good morning, and Happy New Year everyone. And I'll try to be brief. And I appreciate the invitation to come and say a couple words about this. I think this is a bad idea. And just as a little bit of a history lesson, and I know the Secretary wasn't here when all this came about. The Lieutenant Governor and I were sitting on the Judiciary Committee at the time.

There have been efforts over the years to try to deal with this very vexing problem of Juvenile Services. And the cornerstone of our reform has been two-fold. One, to try to limit the size of these facilities. We have had, as the Treasurer has said,

over the years we have ebbed and flowed in terms of, you know, you have these private facilities in particular that start off small, do a good job, and then they end up being hundreds of kids, like Bowling Brook, like Hickey before it. And this is the movie again. We've seen this movie. We've run this movie. And we're about to jump down this track again.

A couple of years, and just so you know the statute says all public facilities must be no bigger than 48 beds, period. There are no exceptions to that. Which of course makes no sense, if the public facilities are going to be 48 beds why would have the private facilities be any larger? And so a couple of years ago a number of us put in legislation to create parity with the private and public sectors. And it soared through the Senate, and then ended up in the House, and as the *Baltimore Sun* reported tens of thousands of lobbying dollars later we ended up with a very odd looking statute and said 48 beds for the private, unless the Secretary determines that there is

a need for it not to be 48 beds. Which of course made the statute completely meaningless. I think the *Baltimore Sun* reported some \$60,000, \$70,000, it was like playing Whack-a-Mole with lobbyists in the House Judiciary Committee.

And this is where we're at. The cornerstone of our reform has been smaller facilities. And quite frankly, when other states, and consulting firms, and the Casey Foundation, and others have looked at Maryland, another thing that they have said is that Maryland historically has been over reliant on the private sector. And so you know, we knew we would be here. There was a commitment in the Senate Judicial Proceedings Committee by the former Secretary, we will not go above 48 beds on this. We commit to you we will not go beyond 48 beds. And two years later we're here. So this was always the plan.

And it's unfortunate. And I agree with the Secretary and share his passion, as I did with the former Secretary, and the former Secretary, and the



former Secretary. And I understand that pending placement is a serious issue. But you don't sacrifice the long term health of Juvenile Services for the short term gain of getting some kids out of detention. What we should have been doing for many years now is creating public in state capacity around the State, so that you have the vision of a regional system. Where kids that are, that come from Baltimore City or Baltimore County are treated in the least restrictive environment in their jurisdictions. That's the hallmark of the Missouri model that everybody talks about. Kids aren't shipped around the State. They don't get shipped around to private facilities all over the place. And they don't allow their facilities to grow to these astronomical numbers. That's why they have been successful. And why, quite frankly, historically we haven't been. Because we always return to this, go back to the private sector, efficiencies, let them get bigger.

The reason that there was this lack of parity between public and private in the statute, coincidentally, was because of Bowling Brook. Every year we would have bills that said, "Let's do this. Let's have this regulation. Let's make it, you know, smaller facilities, or more training." Whatever it was. And Bowling Brook, who as you know had the death there of Isaiah Simmons, would come down with a very good lobbying corps. And they had their advocates in the Legislature. And they got themselves and the private sector carved out of whatever we tried to do in the Legislature.

This is wrong. It shouldn't be 96 beds, whether it's Hickey, or Silver Oak, or the, you know, former Bowling Brook, or whoever. We should keep these facilities small. And we need to just move toward building in State capacity. So I just, you know, I know that this train is already somewhat on a track. But I'm hoping that we can stop this thing.

There are other ways we can do this, by the way. If, and I said this to the Secretary when he did, and I appreciate him coming to see me. I said, "Come to the Legislature and say you need a two-year exception to the 48-bed rule so you can move folks out until you build your in State capacity. And come back every year, or every two years or whatever, and get an exception to it. Until you have your in State capacity built." That way you don't license a facility for 96 beds. Because what happens, they are never going to pull the license. So even if the State decides at some point in time, look, we're only going to give X numbers of kids to this private facility, that doesn't mean it's going to get smaller. That just means you are going to have out of state kids that can come there now. Because that's what the private sector can do. That's what happens in Prince George's County to some of the group homes. The State pulls their kids, unless you pull the license out of state kids are coming in there.

So once we allow this to happen you are never pulling it away until another Isaiah Simmons happens. So I would ask you respectfully to think carefully before we allow yet again another large private facility in this State. Thanks.

LIEUTENANT GOVERNOR BROWN: So I have a question for the Secretary. Mr. Secretary, if the tendency, the history is that the system builds this inertia toward these larger facilities, and that's what we're tending to do now, albeit what sounds like maybe a proposed short term, what is the, so I understand the Treasurer's line of inquiry was what do we do to ensure quality, safety, in this period of time. But what are the protections, the assurances that this inertia doesn't result in us kind of lapsing back to where we were, or where we've been, in terms of large facilities, not moving towards this Missouri model, not staying true to, you know, 48-bed caps, public and private? What's the assurances that we continue to move in the right direction?

MR. ABED: It really hinges on the capital plan, Lieutenant Governor. We have to build our facilities in the communities where they are, and we have to keep pushing on that capital plan. And unfortunately the department has really been underfunded over historically the years on our capital plan. And we don't just need treatment space, we need detention space. Because some of our detention centers are so old and so outdated that they really cannot be used any longer. And we have to keep pushing that and keep making the case. And we need really support from our leadership in the Legislature, from the community, to get those capital plans moving. We have to have that space.

But additionally, when we look at our data, when we look at the data that we have today, there isn't a need for more staffed secure beds if we get this expansion. The need has been around 50 to 60 youth, consistently, for the months that we have been tracking and put in our data report. Our, my

anticipation is that the population isn't going to change or increase much over the years. And we need to get those capital plans done before any changes significantly happen. But this will meet the need for the population that we have in awaiting placement status.

But I want to also respond to some of the remarks about the Bowling Brook facility, which was the former facility. It was operated by different vendors two years before Rites of Passage took over there. And before, during the Bowling Brook era there was not an independent Juvenile Justice Monitor. We now have an independent Juvenile Justice Monitoring Unit that covers that facility, because it is a licensed DJS facility. They monitor this facility just like they monitor the department's facilities and report on it in all of their quarterly and their annual reports. And in their reports they have been glowing about the services that the Silver Oak Academy has been providing for youth.

In addition, the Office of the Public Defender has a Juvenile Protection Unit. And they monitor the youth. The vast majority of the youth at Silver Oak and all of the committed programs are youth that are represented by the public defender. And their monitoring unit has reported back and in fact given that letter of support from Paul DeWolfe, said that they are doing an excellent job.

We also have a monitoring system that was beefed up after Bowling Brook. So there are three separate and independent monitors that are going to be looking at this facility, and have been looking at this facility. They have been under tremendous scrutiny. And within all that scrutiny they have done an excellent job. And you know, what we have today is really a circumstance where we have got an excellent facility that has no capital needs. They don't have to build anything. They have the capacity to take more kids. There is just not the will to allow them in there, to give them those opportunities. Otherwise

they are going to, again, remain in detention until a placement bed opens up.

TREASURER KOPP: What about Senator Zirkin's alternative proposal?

MR. ABED: Well his alternative proposal was to --

TREASURER KOPP: Is dependent on the --

MR. ABED: -- from the Legislature, yes.

And, you know, if you bet 50 percent with the legislature you're doing really great. Passing a law every two years to serve these kids is not the kind of stability that I'd like to offer. And in addition, from the perspective of Silver Oak, how do you staff a facility that may go down, you know, the next year if the, you know, law isn't repassed every two years? I don't think that's a stable model that we could actually pursue to serve these kids.

TREASURER KOPP: Could I just ask one technical question? This contract is for the capacity, it's a whole State, Maryland youth, another



48 over time there. You've already licensed them for 96?

MR. ABED: That's correct. That was a prerequisite before coming to the Board.

TREASURER KOPP: So if this is not approved of, can they still fill 96 beds with non-funded, non-Maryland funded youth?

MR. ABED: That's not exactly what we would perceive to happen. And of course, we could change the license if we weren't funded for those positions.

TREASURER KOPP: You could?

MR. ABED: Yes. I mean --

TREASURER KOPP: I mean, it's not a contract?

MR. ABED: -- the license comes from the department. It's not a contract.

TREASURER KOPP: Okay. And what, I'm a little unclear about the position of the Legislature. But it looked to me, having read all the stuff, and understanding Senator Zirkin's position, that they in

fact suggested looking at the feasibility, what it would take to put the 48 beds that are needed at this facility. And you responded, and I haven't seen anything official from any of the committees, or staff, or anything since then. Is there something?

MR. ABED: There haven't been any comments on the statement of need, or any opposition other than Senator Zirkin's, to the request for expansion.

TREASURER KOPP: Is this a message?

MR. ABED: Maybe some construction?

(Laughter.)

MR. ABED: And yeah, we requested comments or suggestions from anybody that was on that statement of need, and also from folks that we contacted directly. And Senator Zirkin was the only legislator that opposed.

TREASURER KOPP: And this money is in, how is this funded? Through last year's budget?

MR. ABED: No, we would be making a request for the coming year. Because this is going to take

actually a year to ramp up to full capacity. The money would be coming in our upcoming budget.

TREASURER KOPP: So even if it's approved here you have to wait for the 2014 budget?

MR. ABED: No, it's coming in this coming budget.

LIEUTENANT GOVERNOR BROWN: Well, the coming budget is the 2014 budget.

MR. ABED: Right.

LIEUTENANT GOVERNOR BROWN: You would be looking for an deficiency for the current, when would you begin ramping up?

TREASURER KOPP: Yeah.

MR. ABED: I have to turn to my budget director for the technical questions.

LIEUTENANT GOVERNOR BROWN: No, but no, on the operational, when would you add that first bed?

TREASURER KOPP: It would be before next July, I assume?

MR. ABED: Oh yes, it would be before next July. Yes. We would be able to ramp up, I think we can, Michael can you come to the podium?

LIEUTENANT GOVERNOR BROWN: Bad back, Michael? Oh, okay. Take your time. But you operationally, you would begin expanding the capacity --

MR. ABED: One per month. We haven't really gone into those details with Silver Oak, other than their plan to do one per month, or one per week, four per month, until they have, you know, while they staff up the facility. I think they need to hire the additional staff needed to manage these kids. And we all need to wait until there is approval for moving forward before they make those commitments.

LIEUTENANT GOVERNOR BROWN: Got it.

MR. DIBATTISTA: Hi, I'm Michael DiBattista, the CFO for the department. The ramp up in the contract, the way we estimated it, was to begin in February with 24 youth added by the end of fiscal year

2013. We do have some funds in our budget for those. We also anticipate that we would have to ask for a small deficiency appropriation.

TREASURER KOPP: So it's like one a week?

MR. DIBATTISTA: Yes.

TREASURER KOPP: Although presumably it's not really one a, would it really be one a week? Or would it be 25 as soon as you could?

MR. DIBATTISTA: No, it would be one a, we would stagger it out to meet the schedule.

TREASURER KOPP: And that, I'm sorry my mind slipped, that would be a deficiency? Or that is just money that you have sitting around?

MR. DIBATTISTA: For fiscal year 2013 based on projections we would have some money in our existing budget to do it at.

TREASURER KOPP: So you wouldn't need legislative action?

MR. DIBATTISTA: We do anticipate that we would need a small deficiency.

TREASURER KOPP: So you would have the authority, if this passed, you have the authority to add 48. You are only adding one a week starting in February. You have enough money to do a few months of that but you require a deficiency which has to be passed by the Legislature by April --

MR. DIBATTISTA: Correct.

TREASURER KOPP: -- for the rest of the fiscal year. If that were not approved?

MR. DIBATTISTA: Then we would have to --

TREASURER KOPP: Then you would just halt the --

MR. DIBATTISTA: Right.

TREASURER KOPP: Okay. Thank you.

MR. ABED: Are there any further questions for me, ma'am?

TREASURER KOPP: Well let me see. I do think this is a policy issue. And I'm troubled by this Board making the policy. But you know, we all know the problem. Apparently, apparently at the

moment Senator Zirkin is the only representative of the Legislature, although he is the most experience and highly recognized member of the Legislature in this area, to speak out against this. And the pressure on the other side obviously is the force of the young people in detention who need placement as quickly as possible. I, the answer I think has, we have been agreed upon for years, which is the construction of regional facilities, smaller facilities, where students, young people can be placed near their home, and can have after care, and everything else. We're making progress, but very, very slow progress towards that, and it's halting all the way. And the question is, what do you do in the interim? Do you sacrifice these young people? Or do you place them and thereby reduce some of the momentum and some of the force for going to implement the Maryland plan? And my question I guess was, is it possible to take care of these young people and continue to make progress as we never have before?

MR. ABED: Well I believe it is possible.

And Madam Treasurer, you mentioned that it's a policy issue. And I think the Legislature has spoken about the policy because they did put that provision in --

TREASURER KOPP: I saw that.

MR. ABED: -- to allow that. I will just mention that as well.

TREASURER KOPP: And I recognize, I mean, in the end for whatever reason, that law was passed. It is, it is the law. It is the policy.

MR. ABED: Thank you.

TREASURER KOPP: Thank you. Thank you, Senator.

LIEUTENANT GOVERNOR BROWN: Thank you, Senator Zirkin. Do you want to take this one out? Do you want to take this out and separate it --

COMPTROLLER FRANCHOT: Sure. What is the pleasure of the Treasurer?

TREASURER KOPP: No, I'm going to support it.



LIEUTENANT GOVERNOR BROWN: Yeah.

TREASURER KOPP: But with, you know, Mr. Secretary, let me just say, I do understand how you could have been focused on the 48 beds at the meeting in May and just not thought of mentioning the train that was going down this other track. But I would hope honestly in the future that we could have more open communications and we wouldn't have this sort of problem coming up. We would all know, even if you think it's not the function of the Board of Public Works to get involved in policy until we have to approve a contract and it's past the point of actually being able to do anything, I would hope we would have more open and trusting --

MR. ABED: Absolutely. And it wasn't my intention to deceive anybody. I really wanted to have the data and understand what it was before I made any kind of mention --

TREASURER KOPP: But you had it in time to put this initial paper out. And we saw it last night.

MR. ABED: That was, right, that was several months later. Oh, you mean to the Board? I apologize. Yes. We should have gotten this information to the Board much sooner. My apologies for that.

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: I, the Treasurer is still my leader but I'm going to vote no on this. Because I think Senator Zirkin pretty much nailed this issue, which is once we authorize this and you move forward on it there's very little likelihood that the Legislature is going to muster the political will to say no. So I thought he made a very compelling case. It's almost in your interests to have this contract stopped and go back to the regional plan that everybody over the years was so enthusiastic about. Was that the Missouri plan, more or less?

MR. ABED: Mr. Comptroller, we still have that enthusiasm for the, you know, the regionalized plan. That is still the lay of the law and the law of

the land. We're still pursuing that. My only point here is that while we are pursuing that we have a population of kids that's not being served and is actually in a very unjust position. Because they sit in a detention bed and none of that time counts. And from the perspective of a youth, or from a parent of one of those youth, it's very, very difficult to comprehend why the State would allow their kid to sit in a detention bed when there is an option available.

LIEUTENANT GOVERNOR BROWN: Okay. Let's take Item 10 separately. And is there any other, I need a motion to, I don't need a motion to separate it out. I'll just separate it and now I need a motion on Item 10. Move approval?

TREASURER KOPP: I would move approval. I look forward, however, to seeing the conversation in the Legislature. And I do not think it is impossible to stop trains from going down the track --

MR. ABED: Thank you, Madam Treasurer.

LIEUTENANT GOVERNOR BROWN: So the Treasurer seconds. Just discussion, you know Mr. Secretary, it's a, you know, it is a joint effort between the Executive and the Legislative Branch to move these capital programs through to fruition. And I know I don't need to say this publicly but I will. You need to, as you have in the past and as others have, look to the second floor to give us, to give you all the support that you need, that we need collectively to move our capital budget and capital program through so that we can better serve the children and the youth who are under your supervision. And I know this Board is familiar with many of the challenges that we face in that capital program. But I think today's Item 10 certainly highlights the real potential backslide that could occur in Maryland if we don't accomplish what we plan to accomplish in our capital program. So let's redouble our efforts working with the legislative leadership to get that capital program done.

MR. ABED: Absolutely.

LIEUTENANT GOVERNOR BROWN: All right?

MR. ABED: I absolutely will. Thank you,  
Lieutenant Governor.

LIEUTENANT GOVERNOR BROWN: Any further  
discussion?

TREASURER KOPP: Could I just ask one  
question that Susanne brings up? The Committee of  
Jurisdiction, I've been focusing on the capital plans  
and the budget committees. The committees of  
jurisdiction are the Judiciary and Judicial  
Proceedings. Is that right? I mean, do you --

MR. ABED: For which issue? For capital?  
Or --

TREASURER KOPP: No, for looking at your  
plans and the way that Juvenile Services --

MR. ABED: Generally the laws that we have  
go through those committees, yes.

TREASURER KOPP: And you believe you have  
the support of those committees? We have not heard to

the contrary. Support of those committees as well as the joint, the budget committees?

MR. ABED: I think their silence may be something to consider as well. There has not been any opposition. I have gone to the budget committees and discussed this, to the leadership.

TREASURER KOPP: Have you discussed this with the Judiciary and Judicial Proceedings?

MR. ABED: Not with the entire committees, no.

TREASURER KOPP: With whom?

MR. ABED: With the chairs of the budget committees, with selected legislators from those committees, Senator Zirkin, and Senator Frosh. Sorry? Senator Getty, yes. That's the one I couldn't remember --

TREASURER KOPP: Carroll County.

MR. ABED: -- who is also on the Judicial Proceedings Unit. Delegate Carter. And maybe if we have anymore we'll have Betsy come up and advise me

closer. But we have met with legislators. And I think they understand the issues that we're facing. They may not have publicly said yes or no to something, but they are aware of what our plans are and they haven't opposed them.

TREASURER KOPP: But what happens if it's deferred for two weeks?

MR. ABED: If --

SECRETARY MCDONALD: Three weeks.

TREASURER KOPP: Three weeks?

SECRETARY MCDONALD: Three weeks.

MR. ABED: If this is deferred for three weeks? The youth continue to remain and we can't move forward with any plans if it's deferred.

TREASURER KOPP: Things remain as they are. We don't lose any opportunities and Silver Oak can't move in out of state kids?

MR. ABED: Yeah, the status quo would remain.

TREASURER KOPP: The status quo would remain.

MR. ABED: But I would just hasten to say that the status quo is a very difficult position for our kids to remain in.

TREASURER KOPP: Governor, I think they, I think we are going to go forward with this. I understand the Secretary's position. I do think that it behooves us, since this is a very significant policy issue, to hear, to make sure that there is no broader concern from the Legislature. Including not simply the budget committees, but the committees of jurisdiction.

LIEUTENANT GOVERNOR BROWN: Okay. So what I'm hearing is let me withdraw my motion for favorable. I believe that's the direction that it's going in. I believe the Treasurer has a substitute motion. And I'll let you --

TREASURER KOPP: Defer till the next meeting.



LIEUTENANT GOVERNOR BROWN: Defer to the next meeting. It's seconded by the Comptroller. All those in favor of that motion?

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: We'll defer it to the next --

TREASURER KOPP: And I trust the staff will make an effort to try to --

LIEUTENANT GOVERNOR BROWN: Yeah. I think what would be helpful is to get, if we can get positive, affirmative, and preferably in writing comment by the legislative leadership, unless that is not feasible, practical, or you know. I know they are about to begin their legislative session. It may be an inopportune time to engage them on this. But I think what you are hearing from members of the Board is that this does raise significant policy issues. While the Legislature has spoken on the policy issue,

it set up a procedure to implement policy, it still, it continues to raise some of the policy issues. And that hearing from the Legislature certainly is something that some of the members of the Board would like to --

TREASURER KOPP: Let me say, I was very impressed by your response to the JCR language. And normally we see some sort of acknowledgment of it, or a closing of the loop, which we haven't seen. And that causes my concern.

MR. ABED: Well I will speak with the legislative leadership and hopefully we can address your concerns, Madam Treasurer.

TREASURER KOPP: Thanks.

MR. ABED: Thank you.

LIEUTENANT GOVERNOR BROWN: Okay. So that's Item 10. Any discussion, comment -- thank you, Mr. Secretary, thank you, Senator Zirkin. Any additional comments on any other items on DBM's calendar?

COMPTROLLER FRANCHOT: Yes. I had a, on Item 1-S.

MS. FOSTER: Item 1-S is a contract to conduct a high resolution geophysical survey of the Maryland wind energy area. That area is approximately ten miles off the coast of Ocean City. And we have Abby Hopper here to discuss it. Thank you, Abby.

COMPTROLLER FRANCHOT: Excellent.

MS. HOPPER: Hi, good morning. My name is Abby Hopper. I'm the Acting Director of the Maryland Energy Administration. Andrew Gohn is here with me. He's the Program Manager for the wind energy area. So he has answers to any technical questions you might have.

But just to draw your attention to this item, as you may recall in December of 2011 Governor O'Malley negotiated with Exelon and reached a settlement with that company to provide as a condition of our, of his support of that merger, the Constellation-Exelon merger, to provide over, almost

\$1 billion of benefits to the State in the form of rate credits to rate payers, renewable energy generation, conventional energy generation, the building of a headquarters in Baltimore City, as well as monies for energy efficiency and low income ratepayers. As part of that commitment there was a \$30 million offshore wind development fund whose purpose is to advance offshore wind development in Maryland. So the monies for this contract come from that pool.

So this contract, which is \$3.3 million, and is being awarded to Coastal Planning and Engineering, is to conduct a high resolution geophysical survey of the area of the outer continental shelf which has been designated by the United States Department of Interior as the Maryland Wind Energy Area as well as an additional buffer area around that.

The purpose of this work is to do the surveying that is necessary in order for the leasing process to go forward. As I'm sure you all know, the

federal government is the entity that leases that area. The State, there is work in the Legislature coming in the next session to provide a State program to help move that industry forward. But this would be work that the developer, whoever the eventual lessees of that land are, to help them in their construction and operation plan which is necessary for that permit.

Just a couple of highlights of this proposal, it is committed to a 15 percent minority business enterprise goal. The RFP had a ten percent goal. It has committed to a five percent veterans goal. The RFP had a .5 percent veterans goal. There is also a fairly innovative and exciting internship program with the University of Maryland Eastern Shore that will involve students at UMES in some of the survey work out in the ocean.

In terms of benefits here in Maryland there is, the survey vessel will be based in Ocean City. The crew and the service will be run out of Ocean City. And as I said, 15 percent of that contract will

go to the Maryland based MBE Paragon Project Resources; five percent to a Millersville-based service-disabled veteran BZT Corporation. So with that, we're happy to answer any questions you have.

COMPTRROLLER FRANCHOT: Terrific. I do have a couple of questions.

MS. HOPPER: Sure.

COMPTRROLLER FRANCHOT: And I'm a huge supporter of wind power. I mean, like everyone. It's a symbolic technology for the future. And I can understand the economics of onshore wind power --

MS. HOPPER: Mm-hmm.

COMPTRROLLER FRANCHOT: -- particularly out in Western Maryland where I have publicly championed putting wind turbines up to generate electricity. But I guess I do have some questions about this. I understand that the data collection is going to be used by the developer in the development process? Is that the logic here? That we are going to pay for data collection activities? And if that's the case,

why do we feel compelled to subsidize that research for what ultimately will be a private, for profit development project? And I take it a fairly financially lucrative one.

MS. HOPPER: That's a great question, Mr. Comptroller. The way that this contract would work, all of the data that would be collected would be publicly available. It would be the property of the State of Maryland and would be publicly available to whomever would like to utilize it. It, that would include a developer that would get a lease from the federal government.

And one of the things as this country, and this State, tries to figure out the best way to incent offshore wind energy, there is a bit of a chicken and egg problem in terms of, you know, are the developers going to invest in the research prior to having some certainty that there will be a buyer for their product? And so this, this is we think an appropriate step. It's a very small step to make to get some of

that data available to anyone who would like to use it. But we think it will balance out some of that risk. And ultimately if the legislative efforts go forward, we think this will bring down the cost of offshore wind because it will take away some of that risk and some of that unknown.

COMPTROLLER FRANCHOT: Okay. Is it Mr. Klein? Is that --

MR. GOHN: Gohn.

COMPTROLLER FRANCHOT: What is your last name?

MR. GOHN: Andrew Gohn, G-O-H-N.

COMPTROLLER FRANCHOT: Okay. Great. Maybe this is better directed to you. What guarantees do we have that the scope of work covered by this \$3.3 million contract is actually what a developer is going to need to make a, what is it? Permit application?

MS. HOPPER: Mm-hmm.

MR. GOHN: Sure. That's a great question. We developed the scope of work in close coordination



with federal regulators. The Bureau of Ocean Energy Management division of the U.S. Department of Interior identifies parameters that it will require developers to meet in submission of a construction and operations plan for an offshore wind power plant. So we worked closely with the Bureau of Ocean Energy Management to define a scope of work that would meet their regulatory needs as well as adding value for the State by providing this raw geophysical data for the entire wind energy area.

COMPTROLLER FRANCHOT: And give me again your, I heard the chicken and egg analogy, but what is the problem here with developers not even, I take it no one has applied for a lease? Or obtained a lease?

MS. HOPPER: Well there is a fairly extensive permitting process. And so nine, no one, the applications for leases have not been issued yet. We expect that the leasing will be complete by roughly summer of 2013, but nine companies have expressed

interest. There's been a call for interest and then a -- what's the second thing?

MR. GOHN: A request for information, and then a call for information.

MS. HOPPER: A request for information and then a call for information. And then there will be an application for leases coming, we think, in the first quarter of 2013.

COMPTROLLER FRANCHOT: Okay. And that's based on what? Discussions with developers? Or with the federal government? Or --

MS. HOPPER: With the federal government.

COMPTROLLER FRANCHOT: So where are we exactly as far as the race to this technology which I get a sense we're involved in relative to other states? Are there comparable or more advanced levels of progress from states along the East Coast? And particularly from those that maybe have a little better geography than we do? Or --

MS. HOPPER: There are I think two questions to look at. One is on the federal permitting side, and one is on the procurement side. One is, can you build it? And then if you build it, who will purchase your power? On the federal permitting side, there are a couple of, there's two federal leases, right, that have been issued. One in Massachusetts, in Cape Wind, and one in Delaware. The Cape Wind also has about 75 percent of their project sold in terms of buyers for their project. So by far they are certainly out ahead of anyone else in the country. The Delaware project, they have a lease, as you may or may not follow. That contract that they had to sell their power expired last December. So they don't have a buyer.

There are other, New Jersey has an OREC process. So on the buyer side, on the procurement side, they have an OREC law and the Board of Public Works is figuring out the regulations for that there. They are still in the permitting process, as are we.

Virginia also is in the permitting process. They don't have any kind of procurement on their side.

So we, so to answer your question, I think we are very close to the front of the pack. I think if the OREC legislation passes the Legislature this legislative session we will move much farther to the front of that pack. And I think that the Wind Development Fund gives us a opportunity to really cement our place there.

COMPTROLLER FRANCHOT: And what is your view of the economic viability of offshore wind at the current juncture? You mentioned Massachusetts. I understand they have a contract for selling their electricity at 18.7 cents per unit. That's going to rise three and a half percent annually. If that was similar to us here that would be actual cost of electricity, I guess from their project up there, is going to be 24 cents per unit. Right now, Maryland families are paying ten cents.

MS. HOPPER: You are absolutely right.

COMPTROLLER FRANCHOT: That's a --

MS. HOPPER: Offshore wind is absolutely a more expensive energy source. And I think we at least in the administration and the Energy Administration have been clear that there are many policy reasons to move towards offshore wind. The greenhouse gas emissions being among them, the job creation opportunities being among them, the in State energy being among them. Or federally, but still connected to Maryland. And so, and that is why what we are talking about is a relatively small project, 200 to 300 megawatt project off the shores of Maryland would be a very small percentage of Maryland's total energy mix.

The other piece to keep in mind is that the OREC legislation, as the proposal passed the House of Delegates last year, had some very tight cost control mechanisms in there that are not reflected in that Massachusetts price. And so it is, it would not be, they would not be able to have that kind of price

under this structure that we have proposed in Maryland. Right?

MR. GOHN: Right. Twenty-four cents is a pilot project.

MS. HOPPER: That's true. Andrew put, makes a good point, that 24 cents is for a pilot project. This would be a larger project here.

COMPTROLLER FRANCHOT: But from an economic viability standpoint, wouldn't we be better putting our effort into onshore wind at this point.

MS. HOPPER: I think, sir, I think that the position of the administrative has always been a kind of all of the above approach. That we are doing great work in offshore wind, and we have gone from almost zero megawatts to over 120 megawatts in the State and continue to work on that. The same with solar. We have had huge increases in solar. We have had huge increases in some other technologies. And so each of these technologies is important to a diverse energy mix in Maryland. And so I don't think we need to

choose one over the other. I think as policy, as we try to figure out what is the best policy for each of the technologies, and move those policies forward.

COMPTROLLER FRANCHOT: Okay. And if you could just send me what your analysis is --

MS. HOPPER: Sure.

COMPTROLLER FRANCHOT: -- of the most cost effective way to develop wind energy.

MS. HOPPER: Most cost effective --

COMPTROLLER FRANCHOT: On land versus offshore.

MS. HOPPER: Sure.

COMPTROLLER FRANCHOT: Because I never hear anything particularly about the on land, other than when I'm out in Western Maryland, and I'm looking up on the ridges, and I see these beautiful windmills.

MS. HOPPER: Beautiful, yes.

COMPTROLLER FRANCHOT: And that, but that strikes me as a far less costly option than --

MS. HOPPER: It absolutely is. The economics of it are very different. You are right.

COMPTROLLER FRANCHOT: So I'd be interested in your assessment of what the potential is for each of them.

MS. HOPPER: Sure.

COMPTROLLER FRANCHOT: And then just quickly on the fund, is this \$30 million, has that already been set up, the fund?

MS. HOPPER: Exelon has deposited that \$30 million into, I believe it's being held in the SEIF Fund, the Strategic Energy Investment Fund, as a sort of a subaccount. So it is technically on the books.

COMPTROLLER FRANCHOT: Mm-hmm. And are Constellation or Exelon, are they involved in any of the scope of work? Or are they going to develop any of this offshore wind themselves?

MS. HOPPER: They are not involved in the scope of work. They have not expressed any interest in sort of in the federal permitting process. They



certainly could be a competitor for that if they chose to be.

COMPTROLLER FRANCHOT: Okay. Thank you.

MS. HOPPER: Sure.

TREASURER KOPP: Could I just ask very briefly?

MS. HOPPER: Of course.

TREASURER KOPP: The production tax credit, the death of the production tax credit as of the moment, what impact do you see that having?

MS. HOPPER: Yeah. I think it was renewed last night, actually.

TREASURER KOPP: Was it in the package last night?

MS. HOPPER: Yeah. Yeah. That's what I had heard through the industry, you know, on my Blackberry this morning. Which is good news.

TREASURER KOPP: And does that impact the offshore too? I mean, do you see that having an effect?

MS. HOPPER: I think the investment tax credit has more of an effect --

TREASURER KOPP: I mean, I know it does theoretically. But --

MR. GOHN: Yes. The production tax credit is an important federal policy incentive for the development of offshore wind energy, assuming that it is extended that far.

TREASURER KOPP: As well as on land. What was, do we know how long it was extended for?

MR. GOHN: Last night it was granted a one-year extension, is my understanding.

(Laughter.)

MR. GOHN: Which is often the case with federal policies.

MS. HOPPER: Right.

TREASURER KOPP: Something.

MS. HOPPER: Something.

TREASURER KOPP: Good. Thank you.

LIEUTENANT GOVERNOR BROWN: Anything else on this item? Okay, anything else on any other item on DBM's calendar?

COMPTROLLER FRANCHOT: Yes. Item 8-S.

MS. FOSTER: Okay. Item 8-S is a request to extend the term of the contract by one year to complete the new procurement and add grant funding for MTA's advertising and marketing services. And from the Department of Transportation we have Nancy Noonan. You're not Nancy.

MR. TAYLOR: I'm not Nancy. Simon Taylor, Deputy Administrator at the MTA. I'm happy to address any questions.

COMPTROLLER FRANCHOT: Yes. My understanding, Lieutenant Governor if I could, my understanding is that the base contract was \$1.3 million a year between '08 and '11, and it came with two one-year options for 2012 and 2013 that were apparently exercised at a cost of almost double that, \$2.3 million per year. Is that --

MR. TAYLOR: That's correct. Part of the reason you see the increase is during the term of this contract the department has been very successful in being awarded federal grants for security purposes. We are the recipients of the Baltimore Washington Regional Area for FTA Homeland Security grants. Particularly one that you may have seen is the See Something, Say Something campaign. Which we have been very successful in putting throughout not just the MTA, but WMATA. And that is why you have seen a significant increase.

COMPTROLLER FRANCHOT: Okay. But here's my problem. You have a three-year base contract, and then you have two option years at a much higher price. Why wouldn't you simply rebid with the additional scope of --

MR. TAYLOR: And that's, no, we, no, as we put forward in our, we made a mistake. It was a miscommunication between our departments. We really needed to do that. We are now in the process. We

will be putting out a new RFP for two contracts dated early this year coming up and approximately \$27 million so that we are better prepared in the future when hopefully we are getting successful in getting awarded these Homeland Security grants that we are better prepared to do that. But as you saw, we made mistake there and we apologize for that error.

COMPTROLLER FRANCHOT: So this is a one-year

--

MR. TAYLOR: This is a one-year, this is a one-year extension so that we are now in the process of putting out an RFP. We will be in the process of putting out an RFP for two contracts, \$27 million. I believe one will be for \$16 million and one for \$11 million is our intent. So this is a one-year extension to ensure that we can continue these campaigns.

COMPTROLLER FRANCHOT: Okay. And you see why it's somewhat --

MR. TAYLOR: I fully understand. Yes.

LIEUTENANT GOVERNOR BROWN: Anything else?

TREASURER KOPP: Could I ask a question of the Secretary?

LIEUTENANT GOVERNOR BROWN: Mm-hmm.

TREASURER KOPP: Are these the sort of items that if the federal budget is cut, are there provisions in the budget for ending the programs, the projects, the people that are totally federally funded? I mean, what is the rule about that?

MS. FOSTER: There are agencies that have reported and given this list of contracts that potentially would end. The question for us would be are they items that we would see fit to continue to provide funding.

TREASURER KOPP: Right. Right. But is there any general default position if the federal money is, just disappears? I know there are some positions. My recollection is there are some positions where it's written in if the federal money goes away, this position --

MS. FOSTER: I don't think it's applicable for this one.

MR. TAYLOR: I don't think it's applicable here. But if it was the case, we just wouldn't spend the money. We have --

TREASURER KOPP: We would have --

MR. TAYLOR: -- doesn't force us to spend that money. So I would anticipate we just would not -  
-

TREASURER KOPP: You couldn't substitute other resources?

MR. TAYLOR: There could be, no, there could be other opportunities I guess. But no, the logical thing would be we just would not spend that money if it didn't come forth.

TREASURER KOPP: But is there a general default position if --

MS. FOSTER: No. I think it's going to be on a case by case basis.

TREASURER KOPP: Okay. Thank you.

LIEUTENANT GOVERNOR BROWN: Okay. Anything else on this item? Okay. Anything else on any of the other items on DBM's calendar? Hearing none, there is a motion to approve by the Treasurer, seconded by the Comptroller. All those in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Hearing none, DBM's calendar, we already took up Item 10 separately, is approved. Let's go now to, what is the, whose calendar has the -- oh, DoIT. Let's go to the Department of Information Technology. And then we will resume it in the typical order, normal. Good morning.

MR. SCHLANGER: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. Elliot Schlanger, Department of IT. This morning we bring to you five items on our Agenda. We would like to withdraw and defer Item 5-IT for the next meeting.



I'll be happy to answer any questions on any item on our Agenda.

LIEUTENANT GOVERNOR BROWN: Any questions?  
Comments? Issues?

TREASURER KOPP: Number four, Elliot? Just  
--

MR. SCHLANGER: Sure.

TREASURER KOPP: -- again to close a loop.  
There were significant legislative concerns,  
legislative staff concerns about DDA.

MR. SCHLANGER: Sure.

TREASURER KOPP: This is in response? I  
mean, this answers those concerns?

MR. SCHLANGER: That is correct. If you  
would like I have Thomas Kim here today who can give  
you a very brief background on the purpose and the  
nature of this contract, Madam Treasurer?

TREASURER KOPP: Very brief?

MR. SCHLANGER: Very brief?

MR. KIM: Good morning, Madam Treasurer, Mr. Comptroller, Governor Brown. This particular contract will begin our design phase of a much, what we anticipate will be a much larger contract related to the restructuring of the DDA financial platform. It is just the design. We anticipate a much, a larger formal approval, formal contract in calendar year 2014.

As far as addressing many of the legislative concerns --

TREASURER KOPP: There was an extensive legislative critique of the --

MR. KIM: Absolutely. There was a critique back in October, a couple of months ago, citing the many deficiencies of the financial system of the DDA. It resulted in an approximately \$30 million reversion at the end of last fiscal year. And the OLA did cite the deficient, or I should say the lack of financial controls in its financial system as one of the symptoms to that much larger problem. And this design

contract will begin the path of putting into place a much sounder technical platform to address many if not all of those concerns.

TREASURER KOPP: So are we to expect any follow up OLA statements? Or I mean, my original question is, is this in response to that? And your answer I think is in the end it will be responsive to most of the concerns. Is that what you are saying?

MR. KIM: Yes. In particular the OLA was very concerned with the payment process.

TREASURER KOPP: Right.

MR. KIM: Okay? To the 200-plus DDA providers. And this system will begin the path of designing a much sounder payment mechanism to those vendors. I mean, again, it is just the design phase.

TREASURER KOPP: Yes. I understand.

MR. KIM: The actual implementation will be later. So as far as an OLA response to this --

TREASURER KOPP: Right.

MR. KIM: -- we believe that this will be looked upon favorably --

TREASURER KOPP: As a first step.

MR. KIM: -- as a first step, yes.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR BROWN: Anything else on this item? Anything else on any of the other items on DoIT's Agenda? Hearing none, the Comptroller moves approval, seconded by the Treasurer. All those in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed? DoIT's Agenda is approved. Thank you very much.

MR. SCHLANGER: Thank you.

LIEUTENANT GOVERNOR BROWN: And let's go ahead and return now to the Secretary's Agenda.

SECRETARY MCDONALD: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller.

LIEUTENANT GOVERNOR BROWN: Thank you, Delegate Braveboy.

DELEGATE BRAVEBOY: Thank you.

SECRETARY MCDONALD: I hate to bring up something personal, but I was reminiscing about a certain Redskins coach who used to say the future is now, instead of the future lies ahead.

(Laughter.)

SECRETARY MCDONALD: Anyway, we have 12 items on the Secretary's Agenda and two reports of emergency procurements.

COMPTROLLER FRANCHOT: I have a question.

LIEUTENANT GOVERNOR BROWN: Yes, please?

COMPTROLLER FRANCHOT: Item 7.

SECRETARY MCDONALD: Item 7, is Ms. Frketic here from the Maryland Environment Service? She is here. She's going to talk about the wastewater treatment facility upgrade at Rocky Gap State Park.

MS. FRKETIC: Good morning, everyone. I'm here to answer any questions. I'm Ellen Frketic from Maryland Environmental Service. I'm here to answer any questions you may have.

COMPTROLLER FRANCHOT: Okay. What's the total cost of this project?

MS. FRKETIC: Including construction, it's going to be about \$4.5 million.

COMPTROLLER FRANCHOT: And did you explore with the private company that's going to operate the casino at Rocky Gap the possibility of them sharing in the cost to the public of upgrading this facility? Which I take it is needed now but critically needed if a casino is built?

MS. FRKETIC: We did not. We, they will be charged for the operating costs, their share of operating costs, and possibly for replacement, you know, there would be a sinking fund or whatever so that they can share in replacement costs. But the initial project is just going to be handled by State funds.

COMPTROLLER FRANCHOT: But you see what my point is?

MS. FRKETIC: Yes, sir.

COMPTROLLER FRANCHOT: Obviously this is an old system.

MS. FRKETIC: It is an old system.

COMPTROLLER FRANCHOT: It needs replacement. But there would not be a, I take it, a full court press unless the casino with additional use was anticipated.

MS. FRKETIC: Right. That's correct.

COMPTROLLER FRANCHOT: And we couldn't make a phone call and say, "Hey, this is for your benefit. We can't go ahead with the casino without adequate wastewater disposal." And haven't they just received a whole bunch of private sector funding for their casino?

MS. FRKETIC: For their casino? That I'm not really aware of. We have had some discussion with them, not so much about funding but about what their needs were going to be and what capacity was going to be needed. We certainly could make a phone call

before we get to construction. This is just design.

I would be happy to do so.

LIEUTENANT GOVERNOR BROWN: So just restate what you are happy to do.

MS. FRKETIC: I will make a phone call to the casino operators --

LIEUTENANT GOVERNOR BROWN: To inquire about what?

MS. FRKETIC: -- to inquire about, see if they would participate in funding of the capital construction.

COMPTROLLER FRANCHOT: Yes.

LIEUTENANT GOVERNOR BROWN: Yeah --

COMPTROLLER FRANCHOT: In other words, we're building something at taxpayer expense --

MS. FRKETIC: Yes.

COMPTROLLER FRANCHOT: -- that is crucial to their for profit venture.

MS. FRKETIC: Yes, sir.



COMPTROLLER FRANCHOT: They have just received private sector funding, I take it, to begin construction. And it certainly seems appropriate --

MS. FRKETIC: To ask --

COMPTROLLER FRANCHOT: -- to ask them formally to participate in the cost of this treatment facility.

MS. FRKETIC: Mm-hmm.

COMPTROLLER FRANCHOT: It's for them.

MS. FRKETIC: Yes, well it's for them and for the State. Because the plant is old, old, old. I mean, when I started at MES almost 25 years ago my first project was working on an upgrade to that facility. So it is in need of some, regardless of the casino, there was work that needed to be done.

COMPTROLLER FRANCHOT: Well, I would appreciate it on behalf of the taxpayer --

MS. FRKETIC: Yes, sir.

COMPTROLLER FRANCHOT: -- if you could send a formal letter to them --

MS. FRKETIC: Okay.

COMPTROLLER FRANCHOT: -- indicating that this, yes, is needed. But probably would not be before us but for them and their operation, and would they please participate in the construction costs? These are just the planning costs, I take it?

MS. FRKETIC: Yes, sir. I will do so.

COMPTROLLER FRANCHOT: And with that I'd be happy to, not happy but I will support it.

MS. FRKETIC: We'll make sure you get a copy of the letter.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR BROWN: Any other discussion on that item or any other item on the Secretary's Agenda? Hearing none, the Treasurer moves approval, seconded by the Comptroller. All those in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Hearing none, thank you very much. And we'll move on to Department of Natural Resources Real Property. Good morning.

MS. WILSON: Good morning, Mr. Lieutenant Governor, Madam Treasurer, Mr. Comptroller. Happy New Year. Emily Wilson with the Maryland Department of Natural Resources. We have 11 items on our Agenda today. I'd like to actually highlight one, which is 11A. An acquisition in the Crampton's Gap Historical District, which is particularly timely given the sesquicentennial celebration of the Battles of South Mountain and Antietam, which were part of the Maryland Civil War campaign in 1862, and it's also the anniversary of the Emancipation Proclamation. So I thought that was kind of timely, given that.

This is also in partnership with the Civil War Trust. And if you'd like I have, they do quarterly publications. And I have copies for you guys if you'd like copies of these.

TREASURER KOPP: Sure.

LIEUTENANT GOVERNOR BROWN: Mm-hmm.

COMPTROLLER FRANCHOT: Is this the group  
that former County Executive Lighthizer --

MS. WILSON: Yes.

COMPTROLLER FRANCHOT: -- heads up?

MS. WILSON: Yes.

COMPTROLLER FRANCHOT: Thank you for this.

LIEUTENANT GOVERNOR BROWN: Good. Any other  
discussion on any of the other items on DNR Real  
Property Agenda? Okay, hearing none the Comptroller  
moves approval, seconded by the Treasurer. All those  
in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Hearing none,  
the Agenda has been approved in its entirety.

MS. WILSON: Thank you.

LIEUTENANT GOVERNOR BROWN: Let's go to the  
University System of Maryland. Good morning.

MR. STIRLING: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. I'm Jim Stirling for the University System. We have 11 items on today's Agenda and will be happy to address any questions.

TREASURER KOPP: I have one question, Jim. 8-AE, what is a building information modeling certification?

MR. STIRLING: I wish I had been better versed in the process but --

TREASURER KOPP: Well can you carry that question back home and --

MR. STIRLING: I'll certainly get you some information on that.

TREASURER KOPP: I know the acronym is B-I-M, BIM, I guess, but that doesn't help.

MR. STIRLING: There is a certainly amount of data collection that goes on during the course of a construction project and --

TREASURER KOPP: And then they play with it somehow, I assume. I'm just curious.

LIEUTENANT GOVERNOR BROWN: Any other discussion on University System of Maryland? Hearing none, the Treasurer moves approval, seconded by the Comptroller. All those in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: If there are none, that brings us to the, that's approved. That brings us to the final Agenda, which is Department of General Services. I see that MDOT has no items today, but thank you for being in attendance anyway. You never know when questions come up regarding your jurisdiction. Yes, indeed. Here to support your colleagues.

(Laughter.)

LIEUTENANT GOVERNOR BROWN: Okay. So, Mr. Secretary?

MR. COLLINS: Yes, sir. Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. I'm Al Collins, Secretary of the Department of General Services. We have ten items on our Agenda today and we are withdrawing Item 4. And we'll be glad to answer any questions on the remaining items.

LIEUTENANT GOVERNOR BROWN: Okay. Any discussion on any of the items?

COMPTROLLER FRANCHOT: On the item that you are pulling --

TREASURER KOPP: Yeah.

COMPTROLLER FRANCHOT: -- I appreciate that. Because we couldn't quite figure out what was going on. So if you --

TREASURER KOPP: Yeah.

COMPTROLLER FRANCHOT: -- could clarify that if you are going to bring it back, it would be very helpful.

MR. COLLINS: Yes, sir, Mr. Comptroller. We will continue to discuss it.

TREASURER KOPP: Same here.

LIEUTENANT GOVERNOR BROWN: Okay. Any discussion, further discussion on any of the other items? Hearing none, the Comptroller moves approval, seconded by the Treasurer. All those in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Hearing none, that Agenda item is approved. Move to adjourn. And we will see everyone back in three weeks. All right. Thanks everyone.

(Whereupon, at 11:30 a.m., the meeting was concluded.)