

STATE OF MARYLAND
BOARD OF PUBLIC WORKS
GOVERNOR'S RECEPTION ROOM
SECOND FLOOR, STATE HOUSE
ANNAPOLIS, MARYLAND

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P R E S E N T

LIEUTENANT GOVERNOR ANTHONY BROWN,
Presiding;

HONORABLE PETER FRANCHOT, Comptroller;

HONORABLE NANCY KOPP, Treasurer;

SHEILA C. MCDONALD, Secretary, Board of
Public Works;

D'ANDREA WALKER, Deputy Secretary,
Department of General Services;

T. ELOISE FOSTER, Secretary, Department
of Budget and Management;

DARRELL MOBLEY, Deputy Secretary,
Department of Transportation;

EMILY WILSON, Department of Natural
Resources;

ZENITA WICKHAM-HURLEY, Special Secretary,
Governor's Office of Minority Affairs;

MARY JO CHILDS, Procurement Advisor, Board
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: How is everyone doing today? Welcome to the August 22nd meeting of the Board of Public Works. And with I think half of the State already back to school the summer is over for many of us and nearing an end for all of us. So, but I certainly welcome everyone to the Board.

I am not Governor Martin O'Malley. I am the Lieutenant Governor and I am presiding over the Board of Public Works in his absence. And I am pleased to be here today to join Treasurer Kopp and Comptroller Franchot for today's meeting.

Before we turn to a presentation by Deputy Secretary Walker of the Department of General Services regarding their spring recycling competition I would like to ask the Treasurer and the Comptroller if they have any opening remarks that they might want to make this morning. Madam Treasurer?

TREASURER KOPP: Just to say good morning. It's good to see you, Governor. And to thank those of you here

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who are associated with Ocean City and with our great counties for your kind reception at the meeting, the summer Maryland Association of Counties meeting. It was a really great opportunity to touch base, to share concerns. And I look forward to continuing our discussions. And hopefully maybe even Ocean City, which was in actually great shape. Thank you.

LIEUTENANT GOVERNOR BROWN: Thank you. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Lieutenant Governor. It's great to have you here with us. And Treasurer Kopp, I agree with you. MACo was a huge success. I also would like to just note for the record that yesterday sadly former Senator J. Frank Raley from St. Mary's County passed away at the age of 85. And for those of you that knew Senator Raley, this was one of the most outstanding citizens in Maryland, decades of public service. And the State is better off for his many, many issues, including St. Mary's College, that he was a long

time champion for. And in addition to that he was just a really friendly, decent human being. So I salute his --

TREASURER KOPP: I had not seen that and I really regret it. Not only working with him was J. Frank Raley a great voice for St. Mary's College and for the modern, new St. Mary's College, but actually for the whole reorganization of higher education in Maryland. He was a quietly very effective player in creating the new University System and in helping in his own way bring people together so that they could talk to each other and move forward. A really nice man.

COMPTROLLER FRANCHOT: Thank you. And then you mentioned the start of school, Governor Brown. I just wanted to say that before we meet again we're going to be celebrating Labor Day so I'd like to just say something about summer winding down.

First, this Friday is the Comptroller's Day at the Maryland State Fair. Sunday is the Governor's Volunteer Appreciation Day at the Fair. I hope many Maryland families can take advantage of either of those

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days to celebrate just a great annual event in Maryland and spend some time together as a family, enjoying some entertainment, some Maryland food, rides for the kids, and appreciation of the agricultural tradition we have here in Maryland.

Seeing Maryland families take advantage of any opportunities that they can spend as much time together before school starts is the reason recently I've been advocating for a post Labor Day start to the school year in Maryland. If we could start school after Labor Day it would give a chance to Maryland families to come together and create the memories that they can revisit in their minds during the years to come. This is the time of year that I think back on in my youth when I was piled in the back of the station wagon by my mom with all my siblings and various pets and cats and dogs and this and the other thing. And we were either headed out or shortly before Labor Day headed back home, looking a little worse for wear. But it was just a great tradition, wonderful memories that I have of the waning days of summer. Frankly

I've had them with my own children. But whether that meant a trip to the beach in Ocean City, I see the Mayor standing back up there waiting to testify on something important. But Ocean City, for families in Maryland, this is something that contributes just as much as a night at, say, the Orioles baseball game, or just frankly a little bit of time to play catch with your son, my son, who has grown up way too quickly.

So primarily I would like to see a post Labor Day start to school happen because it adds to the overall quality of our life. Think about that for a moment. It adds to the overall quality, particularly of our family life.

But also as someone who deals with our State's economic conditions on a constant basis I find the financial reasons for starting school after Labor Day particularly compelling. Tourism for Ocean City, Deep Creek Lake, and Baltimore's Inner Harbor has grown into the fourth largest industry in Maryland. A week in August in Ocean City can generate almost \$5 million in State and

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local revenues, while nearly \$3 million is generated on an average holiday weekend.

Beginning school after Labor Day is currently the policy of cities such as Boston, Chicago, New York, Philadelphia, San Diego, among others, as well as several states. Currently the state of Ohio is considering joining this growing group of jurisdictions.

And let me be crystal clear. Starting school after Labor Day should in no way affect the quality or quantity of instruction Maryland students receive. We're not talking about shortening the school year, or pushing back the end of school. It's a simple case of examining how we manage our school schedule, how we can make it more user friendly for working parents, students, teachers, and staff. Our students can still receive the mandated 180 days of instruction per school year. In fact, the state of North Carolina fits in 200 instructional days, 20 more than we do, between Labor Day and the end of their school year which by law can end no later than June 10th.

It's something I know is being discussed in communities across the State. I'm looking forward to an open and honest debate about the benefits, both for families and for many small businesses in the State. I believe we can reach a solution at the local level that in the end will maintain Maryland's high education standards while doing the right thing for our families and local businesses.

Lieutenant Governor, you brought up the fact kids are going back to school so --

(Laughter)

LIEUTENANT GOVERNOR BROWN: I anticipated your remarks and wanted to give you a good segway.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR BROWN: Yeah. Well, thank you, Mr. Comptroller. And yes we do have Mayor Meehan from Ocean City who we're going to ask a few words in just a moment when we get to the Secretary's Agenda. And so, but welcome to Annapolis and thanks for the leadership that you are showing each and every day in Ocean City, one of our

jewels here in Maryland. So why don't we turn to Secretary Walker with DGS and kind of walk us through a power point.

MS. WALKER: Thank you, Lieutenant Governor Brown. This morning we wanted to do a very short presentation on our recycling competition that DGS facilitated just a couple of months ago.

In order to encourage recycling and improve State agency recycling rates, DGS launched a spring recycling competition among the DGS managed buildings, as you can see here on our slide. The competition was held during April and May within DGS Central Maryland facilities, which included 25 facilities. We'll go to slide two.

Beginning with the kick off by the Governor April 1st, DGS and agency occupants promoted the competition throughout April and May. Secretary Dallas and his crew at DHR even decorated their recycling bins and had promotional t-shirts made for their green team at the Saratoga Station. Actually Sanji is here to demonstrate her t-shirt that helped them throughout their competition. Slide three, please?

The waste and recycling data was posted to a competition page on our website so that we could make sure to keep all the agencies up to date on their participation and their rate. The competition results and the top performers were announced in June. You can go to slide four.

But today in particular we wanted to announce and congratulate the winning facility, the Attman-Glazer at 45 Calvert Street in Annapolis, which was occupied primarily by DBM but it also has other occupants listed as well. DBM increased their recycling rate by 30 percent during the competition which was a huge improvement.

The facility with the second most improved recycling rate was the William Donald Schaefer Tower at 6 St. Paul Street which also had an impressive 10 percent improvement over its baseline rate.

So today we wanted to take the opportunity in front of the citizens of Maryland and promote our recycling competition and introduce our winner for the competition. And our winner will be 45 Calvert and Secretary Foster. So

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we have our award here, our recycling award for Secretary Foster. And thank you for your improvement in your --

(Applause)

LIEUTENANT GOVERNOR BROWN: I have a few questions. I have a few questions. One is so how did we measure the increase?

MS. WALKER: We measured it by gathering the recycling rate as well as the weight, and those who improved their recycling rate and then weight over a two-month period with the start of a baseline, is the way we calculated the information.

LIEUTENANT GOVERNOR BROWN: Were there any, are there any kind of measures or, you know, incentives to sustain the program?

MS. WALKER: Well, we had an outreach over that two-month period. And we encouraged the different agencies to go out and clean up old paper that they had in their buildings. And I heard that 45 Calvert did a very good job at cleaning up and getting rid of some paper over the two-

month period. But we also had a big outreach during Earth Day as well.

TREASURER KOPP: You know, I think this is great. I would only say two things. A percentage improvement depends on where you started. Right?

(Laughter)

TREASURER KOPP: So, I mean, there's that. But the other thing is aren't we trying also to avoid the use of a lot of these things?

MS. WALKER: We definitely are. And we are --

TREASURER KOPP: So how is that --

MS. WALKER: -- also promoting not using as much paper. One of the things that we are going to do from this competition is introduce some tips for State agencies in order to overall increase our recycling and cut back on the paper that we use.

TREASURER KOPP: Something like raise the bar and lower the gap. But yeah, I mean just not use unnecessarily, use things unnecessarily in the first place and then reuse them whenever possible.

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MS. WALKER: Yes.

TREASURER KOPP: Exactly.

LIEUTENANT GOVERNOR BROWN: So are we going to be able to present this?

MS. WALKER: Yes, sir.

TREASURER KOPP: But I congratulate the --

LIEUTENANT GOVERNOR BROWN: Great. Good. Let's present this. Boy, Eloise come on back here.

MS. FOSTER: All right.

LIEUTENANT GOVERNOR BROWN: And Jane, you get over there, and stand here. And I'm going to do what Jane only does. Let's move the chairs to the back here. We'll move them to the back. So we'll stand in front of the chairs. And we've got Eloise here, Secretary Foster. So you want to, why don't you come here and --

TREASURER KOPP: I would point out also the William Donald Schaefer Tower is the home of the Maryland Supplemental Retirement System, which the Secretary shares --

LIEUTENANT GOVERNOR BROWN: Well I thought you were going to point out that --

TREASURER KOPP: And yours.

LIEUTENANT GOVERNOR BROWN: -- that's our Baltimore Office of the Governor. Yeah.

(Laughter)

TREASURER KOPP: I like that.

LIEUTENANT GOVERNOR BROWN: We're all pitching in. Okay, there we go. Yeah.

MS. FOSTER: Okay, thank you.

MS. WALKER: Thank you. Thanks, everybody.

LIEUTENANT GOVERNOR BROWN: Thank you.

(Applause)

MS. FOSTER: Lieutenant Governor, I would be remiss if I didn't thank my staff. And obviously, as D'Andrea said, this was a team effort. It was from all of the agencies who are in the building. The other large agencies include the Department of Information Technology, Assessments and Tax, and also the Ethics Commission. But John Pirro and Rob Hayden, who are on my staff, led this

effort. And from the beginning they said, "We want to win. We want to win by a large percentage."

(Laughter)

MS. FOSTER: And we're not going to be the agency who has to do yet another report. So they really worked hard. We did not have the recycling bins. We purchased those. We put them throughout the common areas. We put them out through all of the DBM space. We had some clean up days. We did clean out our storage bins. And all the employees were encouraged to go through their files, go through their records, make a determination of in this day of electronic records can't we get rid of some of this paper? So yes, Treasurer Kopp, we have changed the culture. And even DBM can become more paperless. So thank you, on behalf of my staff and the occupants of 45 Calvert.

LIEUTENANT GOVERNOR BROWN: Well, thank you, your staff, and all the occupants of not only 45 Calvert but also all of the agencies in all of the facilities that participated in the program. We appreciate your efforts. So thank you very much, and thank you to DGS for managing

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and bringing us the recycling program. So thank you very much.

Great. With that, let's turn to the Secretary's Agenda. And let's, within that Agenda let's go to Items 18 to 21. These are all actions involving the Maryland Stadium Authority and the Convention Center in Ocean City. Mayor Meehan, thank you for joining us. As you come to the podium let me just say how delighted that we are, and I know that depending on how you measure it I think all measurements show that tourism was up this year in Ocean City. As the Comptroller mentioned and we all know, it's one of the, you know, fourth or fifth largest industries in Maryland. And is contributing to, you know, Maryland's economy faring better than most states'. We still have a long way to go in creating jobs and opportunities in Maryland. But our ability to recover jobs lost in the recession, our ability to maintain an unemployment rate below the national average, is due in large part to the wonderful work that you are doing and your partnership with the private sector in Ocean City, in the Lower Eastern

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Shore. And it's a reflection on the good work and the benefits of tourism throughout the State.

So thank you very much. We're excited about the Performing Arts Center at the Convention Center. And let me turn the floor over to you for any comments you want to make regarding that or anything else.

MR. MEEHAN: Well, thank you, Lieutenant Governor Brown, and Madam Treasurer, and Mr. Comptroller. It's a pleasure to be here and it was great to see all of you in Ocean City last week as we entertained MACo and all of the State, county, and municipal elected officials and employees that were in Ocean City. And it's good to hear that everybody enjoyed their time there. It certainly looked to me like everybody was having a good time. As well as a very, I think, well planned and carried out convention that was put on by MACo. And a great use of our Convention Center facility which I am here to talk about today.

And Mr. Lieutenant Governor, one thing I would like to say is summer is not over.

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LIEUTENANT GOVERNOR BROWN: Yeah, I knew you --

MR. MEEHAN: You knew I was going to say that.

LIEUTENANT GOVERNOR BROWN: Indeed.

MR. MEEHAN: You know, our, as a matter of fact right now we're promoting in Ocean City that summer of course isn't over. And there's also life after Labor Day in Ocean City. And we certainly support the Comptroller's initiative to start schools later, after Labor Day. I made a comment one day, honestly I kind of think it's un-American to start school before Labor Day. It just doesn't fit with what we all grew up with and what I think everything is all about, and the feeling about our country. So hopefully that is an initiative that will be talked about and will be examined thoroughly.

Great summer in Ocean City so far. We're doing our best to keep the economy going in the State of Maryland. What I can report to you, and I know you are aware of this, that some of our figures that we base our success on, tax collections, and our room tax, and food tax. And May's room tax was up 14 percent. June's room

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tax was up 14 percent. Food tax was up 7.5 percent. First time ever back to back May and June were up in double digits. So I think that shows that the economy is moving forward. People are out entertaining themselves. And they are spending money while they are there, and they are enjoying Ocean City. I think that is good news for our municipality and I think it's certainly good news for the State. So we want to thank you.

And I'm here on behalf of, with, in partners with the Maryland Stadium Authority to talk about our Convention Center. And our Convention Center is an important part of the success of Ocean City. In fact, it's essential to the success of Ocean City and the State of Maryland has been a terrific partner with us in that Convention Center.

And we are in the process of an expansion. We just are in the process of finishing phase one of that expansion. If any of you were in Ocean City in the Convention Center you might not have even noticed that that was a temporary wall on the west side of the ballroom. Well that temporary wall was removed right after MACo and

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there's 20,000 additional feet of exhibit area and floor area now open to the Bay with huge windows that really are taking us to the next level.

I know I've mentioned it here before but you know when the Convention Center was built in the 1970's the only way you could see the Bay from inside the Convention Center were if both doors to the freight elevator were open at the same time. I mean, so things have changed and we've learned to appreciate our environment and not just our Ocean but our Bay.

So we're here today to talk about phase two of the current expansion, which is the construction of the auditorium and Performing Arts Center. And we're here today to ask to extend our lease agreement with the State of Maryland; to approve the phase two funding as outlined; to award the architectural design to Becker and Morgan from Salisbury, Maryland; and to award the construction management contract to Whiting Turner of Baltimore, Maryland. And we're here today to ask for your approval so that we can move forward. That should begin shortly after

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the first of the year, just as we finish phase one. We're moving forward.

LIEUTENANT GOVERNOR BROWN: Great. Any questions or comments? No?

TREASURER KOPP: I would just say before your time, or the time of many people in this room, the Appropriations Committee dealt with the Convention Center at Ocean City. The original one. The one you are talking about. The one that wasn't done right in the first place.

MR. MEEHAN: Well, I didn't say it wasn't done right. It was just done different.

TREASURER KOPP: It was not done right in the first place. And I remember a little tussle between the State and Ocean City over whether Ocean City in fact wanted to accept any part of it because it really had not been done correctly.

MR. MEEHAN: That is correct.

TREASURER KOPP: And to go back, as we all did, last week and see what has become and envision how you can then take this and leverage it into a really unparalleled,

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extremely great use of really a unique resource which is
Ocean City --

MR. MEEHAN: Yes.

TREASURER KOPP: -- is a wonderful statement and
will really, really put us on the map. It may have taken a
while to get from that to where we will be but I really
congratulate you all on your hard work and look forward to
seeing the final product.

MR. MEEHAN: Well, thank you, Madam Treasurer.
And it is a partnership, and we appreciate your support,
the State's support, and the continued support of the
citizens of Maryland.

LIEUTENANT GOVERNOR BROWN: Any other questions
or comments regarding Items 18 through 21? Or anything, 18
through 21, or for the Mayor? Thank you, Mr. Mayor.
Thank you very much.

MR. MEEHAN: Thank you.

LIEUTENANT GOVERNOR BROWN: Summer is not over.

MR. MEEHAN: Summer is not over. Remember that.

TREASURER KOPP: Well, can I just say as a personal thing? I happen to think that Autumn in Ocean City is really lovely. I am not that much of a summer person. And I think going down there when it's a little more quiet, the air is clean, it's cool, the, it's beautiful.

MR. MEEHAN: Well, I appreciate that. And it is. In September and October, some of our most beautiful months. The ocean is the warmest.

TREASURER KOPP: It is. They are.

MR. MEEHAN: The weather is great. And we just keep going with our events. Sunfest is coming up. We have Bike Week coming up. We have all kinds of action and things happening throughout the rest of the year. So we hope to see many of you in Ocean City between now and the end of the year, as summer lives on, right?

LIEUTENANT GOVERNOR BROWN: That's right.

MR. MEEHAN: Thank you, sir. Thank you all, very much.

LIEUTENANT GOVERNOR BROWN: Thank you. Great.

Okay, any other comments, questions, on any of the items on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Twenty-two?

LIEUTENANT GOVERNOR BROWN: Twenty-two? Okay.

Twenty-two, that is, requests approval by the Board for a memorandum of understanding between the Board and DBED. So under the, which the Board designates DBED to manage to the Small, Minority, and Women-Owned Businesses Account funded by video-lottery-terminal proceeds. Would you like to hear from them? Or --

COMPTROLLER FRANCHOT: Please.

LIEUTENANT GOVERNOR BROWN: Okay. So who is going to speak to that? Is that, is that --

SECRETARY MCDONALD: Do you want the Department of Business and Economic Development?

LIEUTENANT GOVERNOR BROWN: -- DBED?

SECRETARY MCDONALD: Is Mr. Walker here? I don't know, whoever is representing the department please come up and introduce yourself for the record.

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MS. POWIDZKI: Thank you. I'm Ursula Powidzki and I'm Assistant Secretary of the Economic Development portion of DBED. And this is Mr. Greg Cole, who is the Head of Finance. And we're part of the team that has been working on the draft RFP and the MOU.

LIEUTENANT GOVERNOR BROWN: Okay.

COMPTROLLER FRANCHOT: I guess, how many people work at DBED? Do you have a rough idea?

MS. POWIDZKI: Oh, boy. I think it's over 200.

COMPTROLLER FRANCHOT: Okay.

MS. POWIDZKI: And we have a tourism group which operates somewhat autonomously, and marketing, and then business and enterprise development.

COMPTROLLER FRANCHOT: Okay. So I just want to get this item straight. Because what I read is that we're being asked to designate DBED as the control agency that manages the disbursement of these video-lottery-terminal proceeds that are earmarked for Small, Women, and Minority Owned Businesses?

MS. POWIDZKI: Correct.

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COMPTROLLER FRANCHOT: And in doing so we are also going to be authorizing DBED to secure the services of third party fund managers that will act, I believe, essentially as middlemen to disseminate these dollars on a fee for service basis?

MS. POWIDZKI: Correct. They, I'm not sure that I would characterize it as middlemen. They'll be the people on the ground, in those markets, that understand the small business needs and are able to underwrite the loans and the investments.

COMPTROLLER FRANCHOT: Okay. So we're talking essentially about disbursing grant money to Maryland businesses? But --

MS. POWIDZKI: Correct.

COMPTROLLER FRANCHOT: -- I thought that was what you and your expert colleagues at DBED do for a living. And so if we were talking about larger sums of money I might be more open to this.

MS. POWIDZKI: Okay.

COMPTROLLER FRANCHOT: But we're really talking about a relatively small amount of money. It's just 1.5 percent of the cumulative proceeds generated by slot machines.

MS. POWIDZKI: Right.

COMPTROLLER FRANCHOT: So according to my data we're talking about somewhere in the range of \$5 million that's been set aside for these women and minority owned businesses. So I guess the question is why don't we just let some of your 200 employees who are good at this --

MS. POWIDZKI: Right.

COMPTROLLER FRANCHOT: -- do this as opposed to going out and hiring private contractors to do it? Because I take it we're going to have to pay them administrative fees and it's a relatively modest amount of money anyway.

MS. POWIDZKI: The funding that's available is pegged to the amount of revenue coming from the facilities. So there is going to be an upward trend. We've already seen a little bit of that over the last couple of years, particularly with Maryland Live opening. Obviously not all

200 employees at DBED make loans to businesses. That's actually a relatively small number of people. And we have a number of programs on the books that we manage that are fairly complex, credit enhancements, equity investments. I can't speak to the intent of the original legislation, so I may turn that over to Greg because I don't have that history. But my sense is that this was the intent of the legislation.

MR. COLE: There are two points. On a build up basis, because the video-lottery-terminals are just coming online. So if you take State fiscal years '11, '12, and '13 the allocation to this fund was \$2 million, \$3 million, \$7 million. This year we're now hitting critical mass at an estimate of \$12 million. So it is a sizable amount of money.

The practice of deploying small minority business activity, funding, to local jurisdictions has long been the practice of DBED. We fund local revolving loan funds that are in fact operated by the counties. The reason being it is more effective to do small business lending in the local

community than from a central location in Baltimore. So it was sort of in keeping with the practice that has always been the practice of DBED. And I think the intent of the statute to deliver it as effectively as it could be.

COMPTROLLER FRANCHOT: Okay. But I noticed in the MOU that there's \$50,000 set aside for your agency, DBED, for its administrative costs. Is that the amount of fees we're going to be spending? Or is that in addition to the fees we're going to be paying these private contractors?

MR. COLE: That would be in addition to the fees that the private contractors would be paid. That's for a DBED staff to administer the program and to carry out our fiduciary responsibility. But if I could answer the question more about fees, in the request for proposal that we're putting forth that has yet to be approved, but we're suggesting that there be a one-time operating fee paid to the contractors of up to 8 percent, subject to the Board of Public Works approval, for the sole purpose of them standing up a fund. Thereafter they would not be taking

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fees from the fund, they would be collecting interest earned on their loans and a return on any equity investments. So they would be funding themselves. This would not be a reduction to the principal balance of the fund going forward.

COMPTROLLER FRANCHOT: Okay. But you mentioned local government agencies that you have good relationships with. Couldn't they do all this for free? And not charge the 8 percent, whatever it is total down the road, \$100 million, that's 8 percent of \$100 million. That's a lot of money.

MS. POWIDZKI: I'm not sure that any of the local jurisdictions do it for free. They will have the same overhead costs that we do to have someone underwrite the loan, make a judgment call as to whether or not it's a good loan or investment, and then manage that asset for the length of the term. So, you know, that cost has to be covered in some way.

COMPTROLLER FRANCHOT: Yeah. But, I mean, it's a well worn path where you go to these local economic

development agencies. And obviously they have some administrative costs like you have. But we're talking \$50,000, not millions and millions of dollars. And frankly I, it sounds to me like you could do this in house with your own staff. But I'm happy to get any further information you have about these, why we don't do it through the public councils that we normally, or we often go to, for these kind of grant disbursements and avoid this, you know, one-time charge or not it's still a significant amount of money that's going to these private managers.

LIEUTENANT GOVERNOR BROWN: In answering that can you please clarify are these grant disbursements to a business? Or is this more of a loan? Possibly an equity investment? See, the latter sounds a lot more complicated than a grant disbursement.

MR. COLE: Yep.

LIEUTENANT GOVERNOR BROWN: So can you just clarify that for me?

MR. COLE: To clarify the terminology the use of the word grant is the money going to the fund manager.

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LIEUTENANT GOVERNOR BROWN: Right.

MR. COLE: The fund manager would then make repayable loans to a small, minority, and women owned business, or an equity investment. These funds are not being granted to the end user. It's just the statute's use of the word is a grant to the fund manager.

LIEUTENANT GOVERNOR BROWN: Could our local partners, the local economic development corporations, could they compete in the RFP?

MS. POWIDZKI: Absolutely yes.

MR. COLE: Yes.

LIEUTENANT GOVERNOR BROWN: Right. So they are not cut out. They would just compete?

MR. COLE: No --

MS. POWIDZKI: The intent is that local economic development groups, whether ones that have revolving loan funds now, which I would say are usually significantly smaller than some of the loan amounts or the grant amounts that may come from this 1.5 percent, but they will absolutely be able to submit as part of the RFP process.

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And I think part of where we're coming from is we have sort of the dual responsibility of getting capital out to the local community, and we also have the responsibility of, sort of obligations to being, our fiduciary responsibilities and making sure that whoever is managing these funds really has the wherewithal to do so.

MR. COLE: And to further address the point of fees, sir. In the request for proposal, understanding that for someone to stand up a fund they are going to have some advance costs before they begin to recognize revenue off loans, we allowed for up to 8 percent. That's all subject to them submitting a request for proposal which clearly tells us what they are going to do, what they are going to charge. And all of that will be presented to the Board of Public Works for approval. We do not approve the fund manager. You do. We simply recognize that there has to be some amount of money available for someone to begin this endeavor. Frankly I took that number from the federal number in the State Small Business Credit Initiative. The money that the State of Maryland was given. We were

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allowed up to 8 percent of an initial advance to stand up our program. So I was simply copying what was afforded the State, sir.

COMPTROLLER FRANCHOT: Terrific. Well, I appreciate that. I look forward to seeing the results that you bring forward. And have you been in touch with these folks? Is this something that you have a lot of communication with?

MR. COLE: As to the fund managers?

COMPTROLLER FRANCHOT: It sounds like you have a, in addition to looking at the federal program you have a pretty good idea of what you are headed into. Have you had conversations with the folks that are going to compete for these funds?

MR. COLE: We have had conversations with counties that are intending to put an RFP together. The Maryland Small Business Development Financing Authority that you are familiar with, operated by Meridian Management, intends to put an RFP together. So we have had

discussions. We have limited those discussions until after today --

MS. POWIDZKI: Right.

MR. COLE: -- frankly. And when we release the RFP.

MS. POWIDZKI: And the RFP will give all of those parties a lot more direction about how to respond.

COMPTROLLER FRANCHOT: Okay. Terrific. I wasn't really planning to get into this subject. But since my favorite topic is up in front of us is there someone that can help me with the recent article I read about Penn National, which runs the Hollywood Casino up in Perryville wanting to return 500 of their 1,500 slot machines that we bought for them some time ago? Apparently they lost one-third of their business in July compared with a year ago after Maryland Live opened its doors. And so we bought 1,233 of the 1,500 machines for Perryville, leased the other 267. And apparently we're going to take them back from Penn National. And given that we now own these machines I guess is there anyone out there that can tell me

what in the world are we going to do with a bunch of very expensive new slot machines?

LIEUTENANT GOVERNOR BROWN: What I'd rather do is, and if ears are listening, and if not the Secretary can certainly get it to the right people. That's a question that's been raised, an issue that needs to be answered. Can you please bring that back, have the appropriate people bring that back to the next meeting of the Board of Public Works?

SECRETARY MCDONALD: Absolutely.

LIEUTENANT GOVERNOR BROWN: This way they can kind of consider the question, consider the issue, and come back with a reasoned explanation?

COMPTROLLER FRANCHOT: Great. And if they could, whoever is listening out there could come back and just help me understand the news also that the new owners of Rocky Gap have now radically changed their plans for the Rocky Gap facility? It's of interest to me because on June 20th this Board approved the sale of Rocky Gap property to Evitts Resorts, LLC. Under the proposal that was brought

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before this Board Evitts was going to build a 50,000 square foot facility adjacent to Rocky Gap's resort. This new facility was going to be open to the public in 2013 with 850 slot machines on the floor and would subsequently expand to 1,000 the following year. It didn't sound terribly unreasonable, particularly since the deal would be getting Rocky Gap off the State's books. One of the great white elephants that no longer is on our books. So I supported that.

But then a few weeks later I read in the newspaper that these plans had fallen through. It turns out the developer couldn't find a bank dumb enough, frankly, to finance a \$55 million gambling emporium out in Allegany County. So the adjacent facility apparently is off the table I read. Folks from Evitts now plan simply to put the machines in the conference center itself. Which as a practical matter will end any usefulness that Rocky Gap has as a conference center that could attract overnight business travelers and will just turn the whole place into

a slots barn for day trippers. I guess the folks that can't make it out to Charles Town.

LIEUTENANT GOVERNOR BROWN: So let me ask, if I can, let me just ask the Secretary --

COMPTROLLER FRANCHOT: I've just got, I've got a couple of questions. So if they, if I could just finish here?

LIEUTENANT GOVERNOR BROWN: Okay. But could we, I mean, can we just do this? I mean, Mr. Comptroller? I mean, the issue before us right now is the 1.5 percent fund with DBED. And I certainly, I think the issues you raise are important issues. I really do. And I think that for the, you know, for the benefit of Sheila McDonald, in order for her to be able to capture, and not necessarily have to go back to the video replay, the essence of your question, I think it would be helpful if your staff could present that to her so that it could be presented to the appropriate agency so we can get, the Board can get back a very full update on the important issues that you raise.

COMPTROLLER FRANCHOT: Terrific. And just for the sake of the Secretary, so that she's got it from the horse's mouth so to speak, someone should, could help me with when was someone going to notify the Board of Public Works, which was ultimately responsible for signing off on the deal, that there were major changes? And given that the developer's current site plans are so radically different than what was submitted in its bid proposal, why wouldn't MEDCO and the State Lottery Location Commission renegotiate its deal accordingly, or else throw out the transaction entirely and reopen the site for competitive bids?

And I bring this up, Lieutenant Governor, because what would happen if the State issued an RFP, for example, to have a firm cut grass along the highway medians once a week? And the successful bidder was given the contract in competitive bidding to cut grass once a week in the median strips. We approved the contract. After the contract is signed with the successful bidder all of a sudden they decide to the cut the grass once a month? I mean, I can't

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imagine the Board of Public Works would let that go. And so if someone could get back to me on those subjects of basically the integrity of what we're doing here as far as approving these contracts? And then finally for the record has anyone bothered to analyze the economic and revenue impact of essentially taking the Rocky Gap Conference Center, which aside from the remote location is an absolutely beautiful space, out of circulation? Thank you.

LIEUTENANT GOVERNOR BROWN: Thank you.

COMPTROLLER FRANCHOT: And I look forward to whatever presentation can be produced from the folks that are listening to all these comments.

LIEUTENANT GOVERNOR BROWN: Also make sure you consult the State Highway Administration so we can see if there's any implications for our grass cutting along --

(Laughter)

LIEUTENANT GOVERNOR BROWN: Great. Anything else on the Secretary's calendar? Do you have anything?

SECRETARY MCDONALD: Well there is Item 16 --

LIEUTENANT GOVERNOR BROWN: Thank you,
representatives from DBED.

SECRETARY MCDONALD: The African American
Heritage Preservation Grants, Item 16.

LIEUTENANT GOVERNOR BROWN: Mm-hmm.

SECRETARY MCDONALD: There are people here, if
the Board would care to hear from them?

LIEUTENANT GOVERNOR BROWN: Oh, good.
Absolutely.

SECRETARY MCDONALD: Would you like to? Okay,
Ms. Raines, are you -- here we go. Anne Raines from the
Maryland Department of Planning, Maryland Historical Trust.

TREASURER KOPP: And then when we get back I have
a question on Appendix 9.

MS. RAINES: Thank you as usual for the
opportunity for my grantees to say a few words about their
projects relative to African American Heritage. We have
someone here today from Salisbury, someone from Sharpsburg,
and someone from Cambridge. So I'll start by introducing
Mr. Herschel Johnson, who is right behind me. Herschel has

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worked for many years through the organization Friends of Stanley Institute to restore first the Stanley Institute School, which is a small, one-room schoolhouse in the community of Rock just on the south side of Cambridge. And now as you can see in the picture he is tackling the Christ Rock Church which has experienced a lot of decay to its foundations and has had to be actually lifted off of its foundation for some repair. So this is Herschel Johnson, the President of Friends of Stanley Institute.

LIEUTENANT GOVERNOR BROWN: Good morning.

MR. JOHNSON: Good morning, Lieutenant Governor Brown, Madam Treasurer, Mr. Comptroller, and the members of the Board of Public Works. I'm happy to be here today because as you can see we are working on the church at Christ Rock, or outside of Cambridge, to restore it. We, it's an 1875 United Methodist Church. An African American United Methodist Church. And we are in the process of restoring it. And we wanted to thank you for the grant that we received for what we are, part of the work, phase two of the work that we are doing.

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We restored, as Anne said, the Stanley Institute. And I am from the Friends of Stanley Institute. And the Stanley Institute is a historic, 1867 one-room school that educated African American children from 1867 to 1962. We were given the church because we were successful in restoring the school. And hopefully we will do the same with the church. And we are located on the Harriet Tubman Underground Railroad Byway, eight miles from the proposed Harriet Tubman National Museum.

So we, as I said, I wanted to thank you for giving us a grant. And hope that we can continue to, and offer it to, if you are on your way to Ocean City stop in Cambridge and come by and see us.

(Laughter)

LIEUTENANT GOVERNOR BROWN: I want to thank you for preserving our cultural heritage and bringing this project, you know, to the community. So thank you very much. Anything from the Comptroller or the Treasurer?

TREASURER KOPP: I think you all have the greatest projects.

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LIEUTENANT GOVERNOR BROWN: Yeah.

TREASURER KOPP: And we are going to, we are going to go visit. I want to see how the school is.

LIEUTENANT GOVERNOR BROWN: Thank you, sir.

MR. JOHNSON: Mm-hmm.

TREASURER KOPP: Thank you.

MR. JOHNSON: And one thing I want to say, too. And it has been a pleasure working with Anne and the members of the Maryland Historical Trust. They have been really great working with us. Thank you again.

LIEUTENANT GOVERNOR BROWN: Thank you.

(Applause)

MS. RAINES: So Christ Rock Church, if you are curious, is actually no longer a church with an active congregation. Neither is Tolson's Chapel, although it did have an active congregation up until not so very long ago. Tolson's Chapel, which has been completely restored now under an MHT capital grant, was also a school. And Edie Wallace, who is the President of Friends of Tolson's Chapel, who has labored to preserve the church and is now

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working to preserve the cemetery, can tell you a little more about that.

MS. WALLACE: Thank you for giving me this opportunity to speak a little bit. I'm a little too short for this. This is Tolson's Chapel, built in 1866 in Sharpsburg, Maryland. We're in Washington County, if you all don't know where that is. We have restored the chapel itself. It's an African American United Methodist Chapel also, closed in 1994. We have restored the chapel using grant funds from the State. The State has been extremely supportive of our project. And we have just received this grant to restore the cemetery.

The cemetery is a very important piece of the Tolson's Chapel property. The chapel itself has no records of the congregation. And so the cemetery becomes the only record of the congregation. And in this cemetery are several slaves that lived and worked on the Antietam Battlefield, were freed by the Emancipation Proclamation that came out of that Antietam Battle, were freed in 1864 by the new Constitution, Jerry Summers and Hilleary Watson.

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Also buried in this cemetery is a USCT soldier who served in the Rio Grande District in 1865. And James Simons, who as a boy went to school here, Tolson's Chapel served as a Freedmen's Bureau School from 1868 to 1870. And in 1875 James Simons became a teacher of the County School that also was housed in Tolson's Chapel until 1899.

So the building itself and the cemetery have a great story that covers the Civil War, slavery, emancipation, reconstruction, and everything after that. So I just want to thank you again for giving us this opportunity. The cemetery thanks you. It really needs it. Thank you.

LIEUTENANT GOVERNOR BROWN: Well, thank you. And also thank you for your work in preserving our heritage and bringing this project to us and letting us partner with you on this. Anything from the Treasurer or the Comptroller? Thank you very much.

MS. WALLACE: I just want to mention that we have sent out invitations to the Governor, to the Commission, to MHT. We have having our chapel rededication on September

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22nd, part of the 150th anniversary of the Emancipation Proclamation preliminary. So you all are welcome to join us as well. Thank you.

LIEUTENANT GOVERNOR BROWN: Thank you.

(Applause)

MS. RAINES: This is the Chipman Center, which was formally known as the John Wesley Church. Vance Elbert, who is the President of the Chipman Foundation, and Pat Forest, who is a key consultant in their grant writing and grant getting, will tell you a little more about it. This is an amazing early wood frame structure that I think is one of the prettiest buildings in the whole State of Maryland. So.

MR. ELBERT: To Lieutenant Governor Brown, Madam Treasurer, Mr. Comptroller, good morning. I am representing the Chipman Foundation as we try to continue the preservation of the Chipman Cultural Center. This building we often refer to is the building that Frederick Douglass helped to build. The first floor of this building was constructed during slavery. It was a place for worship

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for slaves and was constructed in 1838 with the aid of the community because at that time slaves could not own property. And so this was a place that was built for them to worship.

The first floor of this building saw the Civil War start. It saw the Emancipation Proclamation. And at that particular time the building was located in Worcester County. And after the Civil War in 1867 it became Wicomico County. And in 1882 Frederick Douglas was Marshal of Washington, D.C. He came to Salisbury to help raise funds to add that second floor. And it continued to serve as an African Methodist Church up until the year of 1961. At that particular time the building was bought because the congregation moved to the other side of Salisbury and it was bought by Professor Charles H. Chipman, who was the Principal of Salisbury High School for 46 years. And the significance of him being Principal was that his entire tenure in education was during the period of segregation.

We have now converted the building into a cultural center. It is probably the oldest wooden

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structure in the State of Maryland. Even the roof joints have wooden pegs in them instead of nails. And so we are about serving the community and having different events. We've been closed since July, 2010 and we plan on having a reopening on September 14th. And I have invitations I would like to extend to the Board of Public Works, if I may. And we're here to seek your approval for a grant from the African American Heritage Preservation Program.

LIEUTENANT GOVERNOR BROWN: Thank you. I have but one question. What is parging?

MR. ELBERT: Parging is basically to redo the cement that's basically in front of the building along the foundation. And to, part of it is crumbling and it's coming apart. So we're going to redo that. And that's what that is all about.

LIEUTENANT GOVERNOR BROWN: Well, thank you. And thank you for preserving this cultural treasure as well, this historic treasure as well. The oldest wooden framed building in the State or on the Eastern Shore?

MR. ELBERT: It's definitely on the Eastern Shore and it may be possibly in the State of Maryland that is still in use today. That building being built originally, the first floor, in 1838. And here we are using it today as a cultural center for the community where we have all types of events. Jazz concerts, weddings, celebrations, and what have you for the community, plus open forum speaks.

LIEUTENANT GOVERNOR BROWN: And you know, we're sitting in the oldest State House in the country that is still being used for its original purpose. Yeah.

MR. ELBERT: Great.

LIEUTENANT GOVERNOR BROWN: We've got a lot of history in this State.

MR. ELBERT: Yes, we do.

LIEUTENANT GOVERNOR BROWN: Thanks for preserving it. Anything from the Comptroller or the Treasurer? Thank you very much. And we'll take those invitations and I know we'll all look at our schedules and see if we can participate.

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MR. ELBERT: All right. Lieutenant Governor Brown, if we can also say thank you to Anne Raines and the Maryland Historical Trust for all of the assistance that we have been given over the years.

LIEUTENANT GOVERNOR BROWN: Thank you.

MR. ELBERT: We thank you.

(Applause)

LIEUTENANT GOVERNOR BROWN: Okay. If there is nothing else on Item 16?

MS. RAINES: That's right. I did have another item on the Agenda. If you have any questions I'll be happy to answer them.

LIEUTENANT GOVERNOR BROWN: Okay. Seeing none --

TREASURER KOPP: What was that? In addition to the three --

SECRETARY MCDONALD: Yeah, it was a substitution in Item 15.

TREASURER KOPP: Oh, okay.

SECRETARY MCDONALD: It was one already approved and they were adding some money to it.

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TREASURER KOPP: I have to say that you all, this program for relatively small, really small amounts of money, does tremendous things. I mean really when you look at --

MS. RAINES: Well they, as you can see they are huge amounts of money, huge amounts of assistance to the museums. So --

TREASURER KOPP: It's a, sweat, labor, and contribution. Yeah. I mean, it's beautiful. Beautiful buildings.

LIEUTENANT GOVERNOR BROWN: Thank you very much.

MS. RAINES: Thank you.

LIEUTENANT GOVERNOR BROWN: Let's go to Item 9.
I think --

TREASURER KOPP: I had Appendix 9.

LIEUTENANT GOVERNOR BROWN: Yeah.

SECRETARY MCDONALD: This was an emergency report from the Department of Health and Mental Hygiene about procuring ambulance services to evacuate the Tawes Nursing Home.

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TREASURER KOPP: Yeah. Yeah. Well my question I mean I think is probably pretty obvious. Of course we had to evacuate people. Of course we do. But why could it possibly take so long to pay people to perform services for us?

MR. KIM: Your question, Madam Treasurer, is related to the duration of time between the actual procurement of emergency to when we are bringing this to the Board. Is that correct?

TREASURER KOPP: A year.

MR. KIM: Yes. It's an entire year. It is as per COMAR guidelines the response --

TREASURER KOPP: Payment. Yeah. Payment. I'm not so worried about bringing it to the Board.

MR. KIM: Right. Oh. Right.

TREASURER KOPP: What I want to know is why we expect people to do emergency work for us and not pay them.

MR. KIM: This issue has since been resolved in terms of the payment.

TREASURER KOPP: Right. Right. Good thing, too.

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MR. KIM: Yes. Obviously.

SECRETARY MCDONALD: It says that October, 2011 the ambulance company submitted invoices because they had already performed the services. Those invoices were paid June, 2012. So there were seven months between --

MR. KIM: Yes, obviously.

TREASURER KOPP: And these invoices are over \$100,000. It's not that they just did, you know, \$50 worth of work for us.

MR. KIM: What I will say to this item, two lapses that occurred with respect to these services. As far as the payments, the timeliness, when the evacuation need was identified during Hurricane Irene a year ago that these, this procurement was authorized by our Division of Procurements. As far as the need, there's no question that there is a need. As far as the coordination of the payments, it's obviously a lapse between our Division of Procurement and the, our program in terms of our Office of Emergency Preparedness and Response. And so --

TREASURER KOPP: So are we paying a penalty? A late payment penalty?

MR. KIM: I do not know if we actually paid a penalty on this.

TREASURER KOPP: We should.

MR. KIM: But in terms of any emergency procurement it is the responsibility of our authorizing figure within our Division of Procurement to coordinate with the respective program the delivery of service and also the timely payment of invoices.

The, in terms of bringing this to the Board it's over a year, it's a year since this incident actually did happen. As per COMAR guidelines it has to take place within 45 days of the actual purchase. As soon as this item was brought to my attention we brought it to the Board's attention to bring to this meeting. As far as both the payment coordination and the timeliness of this, our new leadership within our Procurement Division is fully cognizant of both of those requirements, for payment and for bringing this to the Board.

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TREASURER KOPP: I mean I don't, I don't believe in whipping, you know. But the fact of the matter is if we expect people to perform, especially emergency work for us, we have to have a place, a way in place to pay them. And then if we have to adjust among our agencies after that, I understand that, and then report to the Board of Public Works. But you're not going to get people to do the necessary work if they begin to doubt that they are going to be paid.

MR. KIM: I have no disagreement whatsoever. You know, we have to be excellent stewards of State dollars.

TREASURER KOPP: Yeah, but we just have to pay the bills.

MR. KIM: And also, you know, build our relationships with our vendors.

TREASURER KOPP: Right.

MR. KIM: And what I'm saying is that, you know, it is our, the responsibility of our Procurement Division to ensure that that takes place.

TREASURER KOPP: Well I, I assume --

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MR. KIM: And our new leadership is --

TREASURER KOPP: I assume we won't see this again.

MR. KIM: Right.

TREASURER KOPP: And I am very interested in the fact that if so that we don't have to pay a late fee. Because I thought I remember voting some years ago for a system of fees for late payments. So I, we'll find out. But thank you. I'm not holding you personally responsible but somebody has got to be responsible for, I mean, that's just not right.

MR. KIM: And measures have been taken with respect to that issue.

TREASURER KOPP: Steps have been taken? Thank you.

COMPTROLLER FRANCHOT: Well I just, I want to concur with the Treasurer that it's obviously something that the private sector needs much more responsive payment. But the question I have is you say that there were changes made. What is it that you've done that's going to prevent

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this from happening? Because this is obviously unacceptable. I don't know whether Secretary Foster sees these problems in other agencies where the private sector performs a service and I can imagine how frustrating it must be for them to wait and wait and wait for payments. And in this instance it's \$138,000. And what was the wait here? Eight months?

SECRETARY MCDONALD: Mm-hmm.

COMPTROLLER FRANCHOT: More? I mean, does this happen in State government? And is there something that prevents it? Or --

MS. FOSTER: I've not gotten complaints in this area, Comptroller.

COMPTROLLER FRANCHOT: Did these folks complain at all to the agency about not getting paid?

MR. KIM: They, this issue was just recently brought to my attention. As I had alluded to, our Director of Procurement is formally, you know, through the Secretary authorizes these emergencies. That is the one person who is the point person between the programs, the vendors

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themselves, and the department. The coordination of the payment, I couldn't agree more, has to be made on a very timely basis. But that one person holds that, that individual holds the information regarding an emergency procurement from even taking place at all. You know, this is not something that is known to other entities outside of our agency. So it's incumbent on us to be making sure that we track our emergency authorizations and follow up with our payments. And as I mentioned, the one individual that heads our Procurement Division is responsible for that coordination.

COMPTROLLER FRANCHOT: Well whatever you give the Treasurer I would like to keep us in the loop also, the Lieutenant Governor and myself. And eight months is hopefully just an aberration. But if there are other instances, and frankly --

MR. KIM: It's inexcusable.

COMPTROLLER FRANCHOT: -- it's just a long time.

MR. KIM: We've, we, as far as other emergency procurements as it relates to payments or late reports to

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the Board, we are putting out a call to all of our programs to let us know. Are there any authorized expenditures of an emergency basis that were made during the last year that have not been brought forth to the Board?

COMPTROLLER FRANCHOT: And did these folks complain? I forgot about your answer to that?

MR. KIM: I --

COMPTROLLER FRANCHOT: Did these, I mean, this, maybe it's --

MR. KIM: I wasn't aware of any of these complaints. As I indicated this issue was just brought forth to my attention maybe two to three weeks ago. But since that time, prior to that time, I was not aware of any formal complaints.

TREASURER KOPP: You hate to think that people just assume that that's the way we do business and don't complain about it.

COMPTROLLER FRANCHOT: Madam Treasurer, thank you for bringing this up.

LIEUTENANT GOVERNOR BROWN: Mm-hmm. Anything else on this item?

TREASURER KOPP: Mm-mmm. No. No.

LIEUTENANT GOVERNOR BROWN: Thank you. Okay. Any other discussion, questions, concerns, comments on the Secretary's 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 Secretary's Agenda is approved. And let's go ahead and if we can just jump to the Department of Budget and Management. Because I know that Delegate Addie Eckardt is in the building. She's in the room. She's here to speak on, or at least giving you the opportunity to speak on Item 12-S. And so would you like to say a few words? And that's Item 12-S.

MS. FOSTER: So if I could just introduce the Agenda first?

LIEUTENANT GOVERNOR BROWN: And yeah, okay, and introduce the Agenda. I'm sorry.

MS. FOSTER: Good morning, Governor, Madam Treasurer, Mr. Comptroller. There are 17 items on the Department of Budget and Management's Agenda today. We'll be happy to answer any questions. But obviously we'll start with Item 12 and Delegate Eckardt.

LIEUTENANT GOVERNOR BROWN: But what is, tell us what Item 12 is, Madam Secretary. What is it?

MS. FOSTER: Okay. Item 12 is a request to modify the contract for the residential childcare provider program. The proposal changes include increasing the funding. That's based upon rates that were approved by the Interagency Rate Committee for fiscal year '13. And also adding a new high intensity group home program that provides 16 beds on the Eastern Shore.

LIEUTENANT GOVERNOR BROWN: Thank you. Welcome.

DELEGATE ECKARDT: Thank you very much. Good afternoon. I'm Delegate Addie Eckardt, and Lieutenant Governor it's a pleasure to be here. To our Comptroller and Treasurer, distinguished members, and cabinet secretaries, thank you for giving me this opportunity. I don't usually come before you but in this case I vowed at the very onset of this issue that I would be before the Board of Public Works in one way or another to get this project moving.

This group home was a long, intensely controversial issue debated on the Eastern Shore over at least the last five years. And we finally found a site in Caroline County to provide the facility that's needed for these intensive beds for our children on the Eastern Shore who had significant needs. It was worked on through the LMBs for quite a while. And everybody thought there was a gentleman's agreement to move forward. They built the vendor. The Board of Childcare built the facility and had an investment of some \$300,000 from the State, I believe, in order to do that.

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They opened their doors a year later, which was last year, 2011. And then it sat. And we found out after many, many phone calls that there was not a contract. That there had been a law change and they had to go back and resubmit their RFP.

Well, I became increasingly concerned and I'm very appreciative to Secretary Foster, to Secretary Dallas, to Ms. White, and many others who worked with me to be able to move this project along. Because my thought was here is somebody who on good faith built a facility, is ready to open the doors and take kids that we've already sent to the Western Shore with the agreement that those children would come back close to their families on the Eastern Shore. And that didn't happen for quite a few months. And so I thought, you know, that you all needed to know that. That we really need to figure how to expedite these matters when they come to our attention. Because it's a little bit embarrassing to me that we have a vendor who is not getting paid because there wasn't a contract. And a lot of that was unclear because the players had changed over time. And

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everybody on the Eastern Shore seemed to be aware of an issue and we just had to move that forward.

So I just wanted to say thank you. We're here today before the Board of Public Works so we're moving it along a little bit faster than I had anticipated because I thought it was going to take another year. And we are able to begin the necessary steps to have those children in that group home so that we can be able to provide the comprehensive services that those kids need to get back into the communities in a timely fashion. So again, thank you to everybody who worked on that to make that happen. And I support this wholeheartedly.

LIEUTENANT GOVERNOR BROWN: Thank you. Thank you for your involvement in this issue. And sometimes the wheels of progress turn a little bit faster than we anticipated.

DELEGATE ECKARDT: Yes.

LIEUTENANT GOVERNOR BROWN: Yeah. But thank you.
So Mr. --

COMPTROLLER FRANCHOT: I want to thank Delegate Eckardt also for her comments. I'm, from time to time I'm over on the Shore and there isn't a harder working representative than Delegate Addie Eckardt. Are you still on Appropriations?

DELEGATE ECKARDT: Yes, sir, I am.

COMPTROLLER FRANCHOT: A great committee.

DELEGATE ECKARDT: Thank you --

COMPTROLLER FRANCHOT: But thank you for your advocacy on behalf of your constituents.

DELEGATE ECKARDT: Thank you all.

LIEUTENANT GOVERNOR BROWN: Okay. Any other discussion on any of the items? This item or any other item on the Department of Budget and Management Agenda?

COMPTROLLER FRANCHOT: Item 7.

LIEUTENANT GOVERNOR BROWN: Seven?

MS. FOSTER: Okay. Item 7 is a request to exercise the one-year renewal option to provide a statewide transportation assistance program. This program really provides reliable vehicles for current and former temporary

cash assistance program recipients to use so that they will be able to go forward and have jobs and get to, and have full employment. And Secretary Dallas is here from the Department of Human Resources.

COMPTROLLER FRANCHOT: Great. Well obviously I support this program. One of my first statements when I became Comptroller six years ago was in favor of the earned income tax credit. And we had some people that actually benefitted from that who came and spoke. And one of them was a young woman from Annapolis who said, "I took the \$1,000," or whatever it was, "I got from my earned income tax credit and I'm happy to report a year later I don't need any of this. I don't qualify for any of these programs because I took my \$1,000 and I bought a used car. And the used car let me get a good paying job," 15 miles or something away from her house. So I'm very supportive of the intent of this program, Vehicles for Change.

But I have to admit that reading about the amount of the contract and the small number of vehicles that you got to individuals similar to what I just mentioned,

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apparently it's about \$19,000 in administrative fees per vehicle. And my staff tells me you can go down to the local Ford or Chevy dealership and buy cars for that amount. And brand new, and put them out on the street. So yes, I like the program. But why are we, why should we support this at this point given the performance.

MR. DALLAS: Well I think there are a couple of misconceptions. It might have been that the summary was inartfully worded. We're actually paying, we only pay on the contract when a car is delivered to one of our clients. So the amount there is a not to exceed amount, so we're not paying \$300,000. We've actually paid about \$40,000, I believe it's \$41,400 so far for the cars that have been delivered.

The contract is going through some change right now. It used to be handled at the local offices. We've gone through the process of centralizing it now. The vendor that won that procurement came to us and confessed that they had a little trouble meeting, delivering on the cars with the requirements that were there. So we worked

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with them and we were able to ease some of the requirements for the contract but not all of them. We are willing to sit down with them again and continue to work with them on it. But hopefully the changes that we've made just this past summer will allow them to improve the delivery of cars.

COMPTROLLER FRANCHOT: So they spent \$40,000 of \$302,000? Is that --

MR. DALLAS: Yeah. That's, I believe it was, it was either \$41,400 or \$40,400.

COMPTROLLER FRANCHOT: And what about --

MR. DALLAS: So I think the subsidy is about \$2,000 a car.

COMPTROLLER FRANCHOT: And what's the remaining amount? What was that spent on?

MR. DALLAS: It hasn't been spent. It's a not to exceed amount for the contract, up to \$300,000.

TREASURER KOPP: Can I ask a couple of questions?

COMPTROLLER FRANCHOT: Please.

TREASURER KOPP: So it had been done on a more local basis before?

MR. DALLAS: Yes.

TREASURER KOPP: And were they significantly more or just a little more successful than you've been?

MR. DALLAS: I think that the reason we tried to centralize it was we received concerns from our local directors saying that they were having a little problem getting quality cars, ones that could continue running for a period of time. Sometimes they would get cars that would fall apart pretty quickly and they would work with the customer to have them, to purchase a car and the car would fall apart. So we tried through centralization to get a larger vendor who might be able to handle it and provide better quality cars --

TREASURER KOPP: And now they are not getting cars at all?

MR. DALLAS: What?

TREASURER KOPP: Now they are not getting cars at all?

MR. DALLAS: Well they have gotten 19 cars so far. And I think the issue is these are fairly rare instances when these cars are delivered. It's for folks who can't get to their job by public transportation.

TREASURER KOPP: I remember when it was created. I'm an old lady. I know that. And I know at one time we did more than 19 cars a year. And I understand why we do it, because it's, it allows people for instance on the Shore, where there isn't a lot of public transportation, to get. What I don't understand, but I wonder from what you've said, the vendor whom you chose, this company, didn't like some of the regulations. And then sure enough, it was hard to get the cars out. And now you are reviewing your regulations?

MR. DALLAS: They are, actually they weren't technically regulations. They were terms of the contract. We worked with them in terms of easing some of those where we could, where it wouldn't be a material change in the procurement. And we're hopeful that will allow them to do a better job.

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TREASURER KOPP: Were they holding you hostage to change the contract?

MR. DALLAS: They are not holding us hostage. I will say this, is that we are hopeful they will do a little better this year. But if they are not we are prepared to discuss the transition with them to another vendor.

TREASURER KOPP: What was your goal for this year, versus 19?

MR. DALLAS: I'm not sure that we necessarily have a goal for the delivery in the contract. We allowed for up to 91 vehicles to be delivered. It really depends on the need and that's assessed by the individual caseworker when they are working with our clients.

TREASURER KOPP: So how many, if I went around and surveyed the caseworkers, how many people don't have access to jobs because they don't have transportation because the company didn't --

MR. DALLAS: Because the company, I think that we've been able to work with most of our clients to get there. And I think that --

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TREASURER KOPP: Nineteen?

MR. DALLAS: I'm sorry?

TREASURER KOPP: Nineteen?

MR. DALLAS: Nineteen so far, yeah. A lot of times you can make it work through public transportation and through less expensive means. These are for folks who would have to travel extensively --

TREASURER KOPP: Well if you, if public transportation were less expensive then they wouldn't have been among those who needed these cars. Right?

MR. DALLAS: Correct.

TREASURER KOPP: So I don't, I don't get it.

MR. DALLAS: For, for, I think you were, I thought you were commenting about having 19 cars being a low number. To me --

TREASURER KOPP: Yes.

MR. DALLAS: -- the number is based on the need that presents from a caseworker talking with an individual client.

TREASURER KOPP: And you had anticipated the need would be several times 19?

MR. DALLAS: We, yes. We --

TREASURER KOPP: Yes. And I assume the caseworkers thought it would be several times 19, too? Or was that just --

MR. DALLAS: Yes.

TREASURER KOPP: -- a number out of the air? Yeah.

MR. DALLAS: Yeah.

TREASURER KOPP: So, so if we went around the surveyed the caseworkers who have clients, would we find that actually they didn't need them? Which is fine. Or they can't get to the jobs because the cars aren't there?

MR. DALLAS: I can't tell you about each individual case. I know that they have been working with the vendor to get individuals there. I'm not aware of any particular case where a client hasn't been able to get transportation when they have needed it. And I think the

number is less than what we thought it was going to be, but I'm not aware of any individual cases.

TREASURER KOPP: That's great. Do you survey the social services departments to find out what they say?

MR. DALLAS: Yes. And they are also very not shy about telling us if there is a need.

TREASURER KOPP: So what are they, they are saying they didn't actually need them after all?

MR. DALLAS: I think that the number, the number we set was a number at 90, and it gave us the flexibility if the number, if it fluctuated, to spend more if we needed to and have that authority to do it. We only spend when we deliver a car.

TREASURER KOPP: How many did they do three years ago before it was --

MR. DALLAS: I don't have that number right now.

TREASURER KOPP: I'd like to learn more about this.

COMPTROLLER FRANCHOT: I bet you could find 91 clients within three miles of where we are sitting right now.

MR. DALLAS: And I think that, it's my hope that we can do that. And it's my hope that the changes that we made in the contract will allow the vendor to perform a little better.

TREASURER KOPP: What, Ted, what sort of changes were they talking about?

MR. DALLAS: There were things in terms of the requirements for the quality of the cars, that we were not able to change. We were able to change it from TANF recipients to TANF eligible individuals. So there are some things that we did to allow them to expand the population and maybe make it a little easier. But the balancing act we have to have here is, we have to make sure they are quality cars. So --

TREASURER KOPP: Quality meaning safe?

MR. DALLAS: Safe cars that are drivable and that will last more than a couple of trips. So at the end of

the day some of those requirements are ones that the vendor signed up for and when they responded to the RFP they knew it was there, and you know, some of them they will have to live up to.

TREASURER KOPP: Okay. Well I'd like to learn a little more about this. But I don't want to take up the Board's time.

COMPTROLLER FRANCHOT: I'm voting for it. But I hate the idea of rewarding failure.

MR. DALLAS: Well we --

COMPTROLLER FRANCHOT: So whatever happened, please correct it.

MR. DALLAS: We will work very closely with the vendor and if things don't improve we'll see about making a change.

LIEUTENANT GOVERNOR BROWN: Any other questions or comments on this item? How about any other items on DBM's Agenda? Okay. Seeing none, hearing none, the Treasurer moves approval, seconded by the Comptroller. All those in favor say, "Aye."

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THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Hearing none, DBM's calendar is approved. Let's go now back to DNR. Good morning.

MS. WILSON: Good morning. Thank you, Mr. Lieutenant Governor, Madam Treasurer, Mr. Comptroller. Emily Wilson sitting for Department of Natural Resources. We have six items this morning. I'll be happy to try to answer any questions for you.

LIEUTENANT GOVERNOR BROWN: Okay. Hearing no questions, seeing no comments, 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, DNR's Agenda is approved for this morning. We'll go over to the University System of Maryland. Good morning.

MR. STIRLING: Good morning, Lieutenant Governor, Madam Treasurer, and Mr. Comptroller. I'm Jim Stirling for the University System. We have 12 items. I'll be happy to address any questions.

LIEUTENANT GOVERNOR BROWN: Can you just describe Item 8? Just tell us a little about Item 8? That's the UMUC approval for a contract with Allegis Group, three-year term, open end. I mean, end to end talent acquisition services.

MR. STIRLING: I have George Shoenberger from UMUC here with that, sir.

MR. SHOENBERGER: Item 8 is outsourcing our whole front end of our HR acquisition, talent acquisition process. So it's recruiting and bringing on board the folks that we hire. We hire approximately 900 people a year. A lot of them are adjunct faculty. So we're moving to a best in class way of doing this hiring.

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LIEUTENANT GOVERNOR BROWN: And the class?
Describe the class? Best in class? What's the class?
Your peers in higher ed?

MR. SHOENBERGER: What I meant by that comment is
in hiring 900 people we are having a great deal of
difficulty keeping up with that as the university expands
so we are going to a vendor that does this as a business,
do it very well, to bring technology that we don't have.
We'll have access to recruiting techniques that we don't
have. And they will be able to bring services we don't
currently do, such as background checking and that type of
thing.

LIEUTENANT GOVERNOR BROWN: And what, do you know
what the practice is at the campuses in the University
System?

MR. SHOENBERGER: We would be the first campus to
do this.

LIEUTENANT GOVERNOR BROWN: You would be the
first campus?

MR. SHOENBERGER: Right.

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LIEUTENANT GOVERNOR BROWN: And is this a trend? Is this a best practice that you are seeing elsewhere in the country?

MR. SHOENBERGER: I don't know that it's a trend in higher education, in traditional higher education. Of course, we are not a traditional campus. But it certainly is a trend with businesses. Many Fortune 500 companies outsource the recruitment of talent to people that do that as a primary business.

LIEUTENANT GOVERNOR BROWN: All right.

TREASURER KOPP: Well just out of curiosity, what is the, how do you set a price? Assumption of the price?

MR. SHOENBERGER: There is a, the way the contract is set up is there is a base amount of money that we pay them. And then they are paid per hire in addition to that.

TREASURER KOPP: Okay. So this is --

MR. SHOENBERGER: This is a maximum, not to exceed --

TREASURER KOPP: -- based on a projection of what
you --

MR. SHOENBERGER: Correct.

TREASURER KOPP: Interesting.

COMPTROLLER FRANCHOT: Can I just ask a question?

LIEUTENANT GOVERNOR BROWN: Yeah.

MR. SHOENBERGER: Yes, sir?

COMPTROLLER FRANCHOT: What's the status of the
search for a new President at UMUC?

MR. SHOENBERGER: We have an Acting President,
Javier Miyares. As far as I am aware a search process has
not started for a permanent President. That's actually
handled by the Chancellor and the System office.

COMPTROLLER FRANCHOT: I'm, unless folks want to
delay it, but I'm going to vote against this because I just
don't like the feel of it. I don't like the University
coming to us on a first time in the State basis and saying
we're going to take our entire HR department and contract
it out to a private group based on something vague about
our current staff can't do the job. It just doesn't make

sense to me on the face of it. So I'm, particularly if a new private company will be doing it for more money. I mean, I love UMUC. I think it's a gem of an institution. I thought the President abruptly left. I still have no idea what happened, but she was a dynamic person, bringing in new talent. And trying to keep that institution on the cutting edge. And now there's no, there's an Acting President. And I know Javier Miyares from years ago. He's a terrific guy. But you know, he doesn't have what Dr. Aldridge, I think her name was, had. Now I don't know what she did that was so wrong that she got sent to the door. But I do know she really shook that University up and brought in some outstanding talent. And so I'd like to hear more about the strategic direction and plan of the University before I vote for this kind of situation. I assume these, you have 14 people and you are getting rid of 11 of them? Is that what I hear?

MR. SHOENBERGER: The unit has 14 people in it. There are four vacancies. So there are ten folks. Seven of them are contractual. This project has been in the

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works for a couple of years. So as people left we replaced them with contractual employees and they understood we would be transitioning to this model pending approval of the Board of Public Works. We have three employees that are permanent University employees that we expect to be able to retain in other positions at the University. So we expect that no State employees, or University employees, permanent employees will lose their jobs as a result of this.

TREASURER KOPP: So that's the total HR?

MR. SHOENBERGER: That, in this particular function.

TREASURER KOPP: In this function.

MR. SHOENBERGER: Yes, ma'am.

TREASURER KOPP: But there still are all the other HR functions that are not recruitment?

MR. SHOENBERGER: Yes, ma'am. Right. Right.

TREASURER KOPP: That will be campus based?

MR. SHOENBERGER: Right.

TREASURER KOPP: I mean, that's a question not --

MR. SHOENBERGER: Yes, ma'am. That's correct.

LIEUTENANT GOVERNOR BROWN: So did the, who initiated this initiative? Who initiated this?

MR. SHOENBERGER: This initiative was initiated by our Vice President for Human Resources a couple of years ago.

LIEUTENANT GOVERNOR BROWN: How many years ago? I mean, I'm just, I'm getting --

MR. SHOENBERGER: Two.

LIEUTENANT GOVERNOR BROWN: Two?

MR. SHOENBERGER: At least, yes.

LIEUTENANT GOVERNOR BROWN: I mean I guess, you know, you've got a new, you have a new President that's going to be coming in. This is a new approach to recruiting talent in higher ed. No one is doing it in Maryland. Don't know if it's a trend nationwide. You are going to be bringing in a new President soon. And is this something that really has to happen now? Or can we wait until we have a new President that comes in and evaluates and says, "Hey, at \$1.5 million a year, \$1.5 million a

year, I can take those, I can take that and I can actually do it differently and better because I'm coming from a campus, or a university where this was our model." And that would be a great opportunity for a new president to come in and kind of put their, their, you know, kind of, you know, make a mark early on in their administration as opposed to a new concept for a new president?

MR. SHOENBERGER: Well I can tell you that the Acting President supports this but this initiative started under the former President, that the Comptroller spoke of.

LIEUTENANT GOVERNOR BROWN: Okay.

MR. SHOENBERGER: And it has been around for some time. We really believe that in order for the University to continue to grow as it needs to, because of its economic model, that we've got to do a much better job with recruiting. And as we've done with some other things, we go to the private sector that does these things as their primary business, get best in class. Whether it's the Marriott operating a hotel, or the company we have running our facilities management group, and so forth. And in this

particular case we are fortunate this is a Maryland company, a well known Maryland company, with a nationally known, national reputation. There's no one that does this type of work better than they do. And so we feel this is the right thing to do. We'd like to move ahead with it now. I don't know the timing on a new president coming in. And of course when the new president does come in there is a lot of things that they will pay attention to. This would, if we waited until a new president this would essentially just delay this project.

TREASURER KOPP: Can I just ask a substantive question? In the end, and I'm thinking most particularly of faculty, adjunct faculty, who is going to make the decision about the individual?

MR. SHOENBERGER: In the end with regard to every position it will be the University. This company brings us folks. They know how to go out and recruit folks. But faculty --

TREASURER KOPP: And who decides what sort of faculty are needed?

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MR. SHOENBERGER: Our faculty, or our academic folks do. The provost ultimately makes that decision on faculty. But it's the same thing with staff jobs as well. The company won't be deciding who we hire. What they are going to be doing is bringing us candidates for various different positions.

TREASURER KOPP: I must say I think this is an interesting job and allows the new president and the new administration to focus on the academic, the aspects of the academic program as opposed to the infrastructure as much.

MR. SHOENBERGER: If you would, Nadine would you come up for a second? Lieutenant Governor, you asked about whose vision this was.

LIEUTENANT GOVERNOR BROWN: Yeah.

MR. SHOENBERGER: And I certainly support this. But this, it was Nadine Porter's vision. She's our Vice President for Human Resources.

MS. PORTER: Good morning. I've been with the University for four and a half years now. We have done a lot of research in regards to best practices. And we have

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responded to the needs of our customers and our clients. We have worked closely with the academic side and with our administrative side in regards to designing solutions for the organization's needs.

This has been a work in progress for approximately two years. We have consulted with outplacement firms. We have done the research through HRO. We have attended conferences, the ERE and SHRM conferences. And we have carefully, purposefully, and planfully collected the information to make an informed decision on behalf of the organization.

I personally have 18 years of experience within human resources. I have onboarded an associate vice president who has a little more than 15 years and has a lot of experience with RPO. President Aldridge, our former President, was very supportive of this, and Acting President Javier Miyares is very supportive of this. We have been very careful in communicating with our staff members. This is one portion of our human resources department. Most everything else we are keeping internal.

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So it's a transference of jobs within Maryland. So the State isn't losing in regards to that.

It's not a process that's going to be more expensive than what we do now but we are going to gain some benefit in terms of state of the art technology. What comes long with this is a Taleo applicant tracking system, which is one of the best nationally. It will come with background checks. So again, that is protective of the organization and that cost is embedded in this. And it is going to come with streamlined processes and it is going to increase and improve our customer satisfaction. As the University continues to grow we have a myriad of needs. And this company will be able to look at our recruitment needs with a laser like focus.

All of the decision making is with UMUC. We continue to partner with the academic side and with the administrative side and make sure that we are able to fill our vacancies. This will most probably when you get the right people in the right jobs will have a favorable result

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on our turnover. It will decrease our time to hire. We will be able to --

LIEUTENANT GOVERNOR BROWN: Let me just jump in here. Turnover rate, 11.52 per year.

MS. PORTER: Mm-hmm.

LIEUTENANT GOVERNOR BROWN: What's the, what are the comparables? What are some of the other similar, I know there's nobody like UMUC, but comparables? What are other institutions doing?

MS. PORTER: I don't have that information with me. I can --

LIEUTENANT GOVERNOR BROWN: Anybody know? But we feel that's high?

MS. PORTER: Mm-hmm.

LIEUTENANT GOVERNOR BROWN: That's high?

MS. PORTER: Right. And in terms of that, that's in terms of the technique and the processes. And, you know, really making an attempt to get the right individuals in.

LIEUTENANT GOVERNOR BROWN: Okay.

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MS. PORTER: And with this we believe that once we institute this process the turnover we will see go down.

LIEUTENANT GOVERNOR BROWN: Any other questions, comments?

COMPTROLLER FRANCHOT: Yeah, no, I'd like to, I feel much more comfortable if Dr. Aldridge was President and this was her idea and we're moving forward because she had a reputation of not suffering fools gladly, getting rid of the dead wood that had built up over at that tremendous institution.

MS. PORTER: Mm-hmm.

COMPTROLLER FRANCHOT: And she suddenly and mysteriously no longer is there. And I have some real concerns about moving forward on this given the hand to hand combat that UMUC is engaged in all of these for profit, internet education companies around the world. I mean, this is a volatile sector. And the fact that, you know, she in effect was inexplicably vanished from the scene, and she was the one who was reshaping and upgrading the quality of the staff.

MS. PORTER: Mm-hmm.

COMPTROLLER FRANCHOT: And so now you are, we have no Aldridge, we have no search underway for a new replacement, and we have this outsourcing which --

MS. PORTER: Mm-hmm.

COMPTROLLER FRANCHOT: -- you know, I would find, I would support it if she was standing here saying this is the way to reinvent, reenergize UMUC and keep it moving forward. It's not like the other institutions in the System, where everything is in bricks and mortar.

MS. PORTER: Correct.

COMPTROLLER FRANCHOT: This is the wild west of the internet. And so I'm going to vote against this because I don't think it's going to result in the improvement that it would have had under someone like hers, leadership. And I'll just conclude by saying whenever your search gets going, I hope you get someone just like her. Because she was a leader.

MS. PORTER: Mm-hmm.

COMPTROLLER FRANCHOT: And --

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LIEUTENANT GOVERNOR BROWN: Okay. Let's take Item 8 and we'll put that to the side. Any other discussion on Item 8? Or if not, let's turn to the other items on the USM calendar. Any other discussion on any other items? Okay. Let's take up Item 8. The --

TREASURER KOPP: I would move to support --

LIEUTENANT GOVERNOR BROWN: And I'll second the motion.

TREASURER KOPP: -- Item 8.

LIEUTENANT GOVERNOR BROWN: And I'll second that motion. All those in favor say, "Aye." Aye.

TREASURER KOPP: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed? Okay. Two to one, Item 8 passes. Thank you very much.

MS. PORTER

LIEUTENANT GOVERNOR BROWN: And certainly --

TREASURER KOPP: Could I just say?

LIEUTENANT GOVERNOR BROWN: Yeah.

TREASURER KOPP: Just, I can't let it, one of the, probably the most important function of the Board of Regents of the University is the selection of the

Presidents on the campuses, and when necessary the termination of the Presidents, or the receiving of resignations of the Presidents of the campuses. And I would hope that neither the Legislature, the Governor, nor the Board of Public Works would seek to supercede that authority. Just an ad hoc comment.

LIEUTENANT GOVERNOR BROWN: Okay. Let's take up, oh we're now voting on, unless there's other discussion on the remaining items for the USM calendar? Okay. Hearing none, seeing none, the Comptroller moves approval, seconded by the Treasurer. All those in favor of the USM calendar, minus Item 8 which was already voted on, say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Hearing none, the remainder of the USM calendar is approved. Thank you.

MR. SHOENBERGER: Thank you.

MS. PORTER: Thank you.

LIEUTENANT GOVERNOR BROWN: Let's take up the Department of Information Technology.

MR. SCHLANGER: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. Elliot Schlanger, Department of Information Technology. This morning we have three items on our Agenda and I would be happy to answer any questions at this time.

LIEUTENANT GOVERNOR BROWN: Any items?

COMPTROLLER FRANCHOT: Yes. Hi, Mr. Secretary. I have a question on Item 2.

LIEUTENANT GOVERNOR BROWN: Yeah.

MR. SCHLANGER: Sure.

LIEUTENANT GOVERNOR BROWN: Item 2?

MR. SCHLANGER: This is a, this is the replacement, it's a master contract for the off-the-shelf software that the State uses.

COMPTROLLER FRANCHOT: Okay.

MR. SCHLANGER: Is there any particular question that you have, Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. I'm concerned that we are awarding a contract for too little money and too long a period.

MR. SCHLANGER: Right.

COMPTROLLER FRANCHOT: Here we have a dynamic area. We were just talking about internet education. Well here's really technology, and we are awarding something for 15 years which seems to be a lifetime, many lifetimes in the technology world. I understand we can add some people to this contract. But why do we need to do it for 15 years? Why don't we do it for five years?

MR. SCHLANGER: So let me answer that from really, let's see, two perspectives. So as you probably know we've had a contract in place that essentially served the same function since 2007. And part of the issue with a five-year contract like that is after we close the door people want to come in but we can't. So for the duration they are out of luck. So what we decided to do here is to allow the door to open every three years. So it gives an opportunity for new people to join.

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The other thing is that there are 53 contractors that we have to, that we are asking you to approve. There were really, I mean, the proposals that our team had to really evaluate. And it's a large effort every time that we turn over a, it's a master contract, of this sort. So by being able to put a framework into place, and let me just say that when in fact we acquire there is a competition where the particular product is bid. So this does not lock in price for 15 years. We think this is a, it's a streamlined way of handling this. And it allows, if you will, new companies to enter.

To the second point, the estimate of cost, this is commercial off-the-shelf software. It's common product. It's not the development of anything new. And this is our best estimate at this time of what this software will cost.

COMPTROLLER FRANCHOT: Okay. But didn't, aren't we just finishing a contract where we spent considerably more over a shorter period?

MR. SCHLANGER: I'm not exactly sure of what we expended to date.

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LIEUTENANT GOVERNOR BROWN: Can you just come on up, identify yourself --

MS. CROPPER: Yes, sir. Stacia Cropper, also Department of IT. In the last contract, five years, we estimated the amount of money each agency would need to spend on software. What we're doing this time, because we will come back to you every three years, is we will re-estimate the next ceiling level. So the amount that we're looking at right now is really for this first three years. We'll open the competition again, let new contractors on. We'll come back and ask for then the next three years' ceiling limit. So the ceiling isn't for the duration.

COMPTROLLER FRANCHOT: Okay. So the \$53 million for five years was a ceiling?

MS. CROPPER: Yes.

COMPTROLLER FRANCHOT: And you don't anticipate spending more than that on a five-year basis? Or about that? Or --

MS. CROPPER: For roughly the three years we're looking at about that. We tried to query the agencies for

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what they are likely to need to do for the next three years. This is just really a best guess.

COMPTROLLER FRANCHOT: And why don't we just have this as a three-year arrangement rather than a 15-year arrangement? I'm confused because you know, anything can happen in three years.

MS. CROPPER: Well there are two things that happened in addition to what Secretary Schlanger explained that we will allow, we will allow vendors, resellers on the contract.

COMPTROLLER FRANCHOT: Uh-huh.

MS. CROPPER: What we also allow for the entire duration of the contract is for these vendors to be able to bring on new manufacturer product lines. So that happens throughout the contract. That is not something that happens every three years, every five years, or every fifteen. It happens dynamically. So through the life of the contract each of these vendors may add to the product lines they may represent. So it allows the flexibility for what new things happen in the market.

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COMPTROLLER FRANCHOT: Okay. Well I'm going to vote for it because the Secretary is a tremendous steward of this whole sector. But it does strike me as a long time. And but maybe these safeguards will meet my concerns.

LIEUTENANT GOVERNOR BROWN: Just to clarify, it's \$36 million, 15 years? \$36 million?

MS. CROPPER: Well the contract itself is for 15 years so we're guessing right now at the \$36 million.

LIEUTENANT GOVERNOR BROWN: And the \$36 million would be spent over what period of time?

MS. CROPPER: Well for the current, if we didn't come back every three years that would be \$36 million over the 15. If we found that agencies were spending up to that limit, they were spending more than they were projecting, we would have to come back to you for a --

LIEUTENANT GOVERNOR BROWN: So right now you are projecting \$36 million over 15 years. If after three years it looks like your utilization rate is higher you might come back and say, "We are now thinking it's going to be

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\$40 million over the 15 years." Is that what you are saying?

MS. CROPPER: That's correct.

LIEUTENANT GOVERNOR BROWN: Right. It's not \$36 million can be spent in three years?

MS. CROPPER: That's right. That's right.

LIEUTENANT GOVERNOR BROWN: Could you spend \$36 million in three years under what we are doing today?

MR. SCHLANGER: Under the current pace that would not be the case.

LIEUTENANT GOVERNOR BROWN: Under the authorization, though?

MR. SCHLANGER: Well --

MS. CROPPER: What --

LIEUTENANT GOVERNOR BROWN: Are we authorizing you to spend \$36 million in 15 years? Or \$36 million in three years?

MS. CROPPER: You are authorizing, you are allowing us to spend \$36 million, period.

LIEUTENANT GOVERNOR BROWN: Got it.

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MS. CROPPER: So if an agency needed to spend a huge amount of money this year, that meant every other agency can't buy anything. So if we had an agency that could spend \$36 million themselves no one else can buy anything until we come back to see you again.

LIEUTENANT GOVERNOR BROWN: Got it. You are projecting it over the 15 years?

MS. CROPPER: Right.

COMPTROLLER FRANCHOT: And that's my concern. Because in fact based on the previous contract you are going to run out of this \$36 million in probably three years, based on the contract that's expiring. And I think the Lieutenant Governor makes a good point, which is why don't we just look at the likely expenditures and say we're going to do a 15-year, \$170 million authorization here? Because that's what the traditional usage is. And once again, that's a ceiling. But we're not. We're doing it for 15 years for \$36 million and it's just, I, you know, wish it was not articulated that way.

TREASURER KOPP: What was the point of doing it for 15 years?

MR. SCHLANGER: So if I can just add, I'm not afraid to come back here to the Board. And I'd like to estimate on the side of being conservative. So one of the fears which I have as a businessman is if you put a number out there and say we have an authorization to spend this, folks think, "What the heck? The pot's big. Why don't we spend?" So we came up with our best estimate of what we think agencies would expend. And if in fact there is the justification of having to eventually bump up against that ceiling we will be back here with justification of why in fact we would ask the Board to inflate that ceiling. And so again, I think my headline here is I'd rather err on the side of being conservative than trying to create a big pool of funds.

LIEUTENANT GOVERNOR BROWN: So what is your current year appropriation for this item? And what are you going to request next year? You still have to, you still have to include in the Governor's budget an appropriation for this contract.

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MR. SCHLANGER: Right. So the appropriation is really agency-based.

LIEUTENANT GOVERNOR BROWN: Okay.

MR. SCHLANGER: So again this is, you know, this is, this is off-the-shelf applications, that they would commonly go to use. So as in fact there is a need every agency is obligated to come up with a funding source. And that becomes the vehicle, or that becomes how in fact they fund their acquisition. So today I can't tell you what the aggregate of the appropriation could be as a State for software purchases. And this is very similar to the master contracts that we have for hardware, software that we have here. Say literally for many of the items that we purchase in IT.

LIEUTENANT GOVERNOR BROWN: And what's the urgency of doing this at this BPW meeting? Do we have to do this today?

MR. SCHLANGER: I believe our current contract expires September 30. So it was our intent, because there is not a meeting in early September, that this would be the

most opportune time to bring this to the Board. And just to reiterate, this is not unlike, let's say, the master contracts that in fact this Board has approved in the past. With the caveat being that the duration is longer. But in fact we have kind of engineered this so there is more say flexibility, if you will, for us the State as well as the contractors to participate in this type of contract. So this is not unlike something that we have done before, or haven't done before. In fact we have.

TREASURER KOPP: Could I just ask, or I think the Comptroller raised this. So you've got 15 years. You come back every three years, and you can open it every three years because you took 53 out of 54 vendors. And you could open up more vendors every three years?

MR. SCHLANGER: That's correct.

TREASURER KOPP: Fifteen years ago was before Y2K. I mean, there are a whole lot of changes in 15, why 15 years? Why? Is it just to make it easier for the bureaucracy, not to have to go out with -- why?

MR. SCHLANGER: Well, again, with the issue with, let's say, changes, the contract allows for the vendors to add products to what they sell, which is in tune with the way the industry is really going.

TREASURER KOPP: Right.

MR. SCHLANGER: So we're not, I mean, restricted that way. Fifteen years, you know, it's not an arbitrary number but it's a reasonable number. Because essentially we would go through a similar process every five years to achieve the same goal.

TREASURER KOPP: That's right. So it's for the, it's to obviate the need for the bureaucracy to run through an RFP process every five years?

MR. SCHLANGER: Well, and what we would essentially do is, I mean, the vendors that we have would have to start all over again with proposals, negotiating terms --

TREASURER KOPP: So do they give us cheaper rates because of, the rates depend on the specifics. So you're not tied down --

MR. SCHLANGER: Right. So the rates are bid at the time of need, and there is the competition between the vendors who offered the proposals to the State for the products that we see.

LIEUTENANT GOVERNOR BROWN: We can't vote on this today.

MR. SCHLANGER: Okay.

LIEUTENANT GOVERNOR BROWN: I'm going to move, let's take, what number is this?

SECRETARY MCDONALD: 2-IT.

LIEUTENANT GOVERNOR BROWN: Okay. Let's take Item 2-IT off. What do we have to do to move this to the next one?

SECRETARY MCDONALD: Just defer it and we will bring it back.

MR. SCHLANGER: Okay.

LIEUTENANT GOVERNOR BROWN: Yeah, we need an education here. I know I definitely do. Okay, so we're going to defer this? Okay. We'll see you at the next meeting of the Board of Public Works.

MR. SCHLANGER: Okay.

LIEUTENANT GOVERNOR BROWN: Okay. Any other discussion on the Department of Information Technology's Agenda? No? Okay. So two is off. The remainder of the calendar, 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, but, except for two, the DoIT Agenda is approved for today. Okay. That brings us to the Department of Transportation Agenda.

MR. MOBLEY: Good afternoon, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. For the record, Acting Secretary Darrell Mobley representing MDOT. MDOT is presenting 18 items. Item 19-GM has been withdrawn. Items 7-M and 14-M-MOD have been revised. I'd be happy to answer any questions that you may have.

LIEUTENANT GOVERNOR BROWN: Okay. I know that we do have people here to speak on Items 15 and 16. So why don't you tee up Item 15 and 16 for us. And then is Mr. Jolivet, I saw, I thought I saw him.

MR. MOBLEY: Yes, sir.

LIEUTENANT GOVERNOR BROWN: Okay, he's in the back there. Okay. So why don't you tee that up for us?

MR. MOBLEY: Item 15-M-OPT is a renewal option for paratransit services. The start date would be September 1, 2012, expiration is August 31, 2013, in the amount of \$25 million for Veolia Transportation Services. Item 16-M-OPT, renewal option for paratransit services. The start date is September 1, 2012, expiration date August 31, 2013. The amount is \$17 million. The contractor would be MV Transportation, Inc.

LIEUTENANT GOVERNOR BROWN: Okay. Thank you for teeing it up. Why don't we hear from Mr. Jolivet, who is speaking I believe in opposition? Good morning.

MR. JOLIVET: Mr. Lieutenant Governor --

LIEUTENANT GOVERNOR BROWN: Good afternoon.

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MR. JOLIVET: -- Madam Treasurer, Mr.

Comptroller, Arnold M. Jolivet. I sent you a letter so I think it would be not necessary to rehash what my concerns are. I know that the Board is like being placed between a rock and a hard place in terms of this is an ongoing contract and the services are obviously very much needed. So the Board is being presented with the difficulty of stopping or curtailing the services by not approving the requested options.

But I want to just say if I can I believe it is a very serious matter regarding how the contractor has endeavored to go about reaching and achieving the goal. When the goal is placed in the contract, I mean it's just not something that's placed in the contract without any expectation that the contractor will be required to comply with it. It is a part and parcel of the overall contract. And like any other term and condition of the contract, the contractor is very much expected to comply.

I think the record will show here that the contractor, for whatever reason, did not comply. And I

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might add there are several creative ways which the City has actually dealt with a similar problem. And I would ask the Board to consider in light of the flagrancy of the lack of compliance here to send the message to the contractors. And in both of these cases the contractors have willfully ignored the provisions of the, the MBE provision. So I would ask the Board, this Board in its wisdom, to, in consultation obviously with the Attorney General's Office, to send a message that is loud and clear to these contractors that the minority business utilization goal is a very important part of the contract and the Board and the MTA and the whole State of Maryland fully intend that the contractor will comply with it.

So again, I laid out for you what I think was a very succinct and comprehensive description of what the problem is. I don't think it would make a whole bunch of sense for me to go back through that. But I'm concerned that we are not enforcing the minority business goals to the extent that we can. And I'm concerned because the minority business persons who are named in this contract,

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they actually depend on this Board and the people, the compliance people at MTA. They are depending on you guys to do a good job to make sure they get a fair deal. Because once they are named to a contract like this, they go out, Mr. Comptroller, and make major investments. But if the contractor for whatever reason is allowed to circumvent and evade the goal, everything else goes out of whack.

So I'm frustrated. Because we shouldn't be where we are today with regard to this particular problem. There should have been something to catch the fact, identify the fact that there was not a fully compliance. And it should have been dealt with at an early stage. And now the contractor comes to you at the last moment, at the last hour, when there is a renewal request, and says, "Hey, I'm going to meet the goal but I'm going to meet it maybe sometime next year." Mr. Comptroller, what I am submitting to you, that is simply not appropriate.

And I would ask this Board to come up with a system. Because obviously you have, you have a contract

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that the contractors have breached, defaulted on. So why treat it any differently? It's very common when a contractor has defaulted, we hold the contractor liable. We declare a default. So why in the heavens are we treating this contract, or these contracts, any different?

So I want to impress upon you the need to bring some real legitimacy and some real vitality and meaningfulness to the minority program. If it's not going to be enforced, Mr. Lieutenant Governor, then we have a program that has no teeth. It has no meaning.

LIEUTENANT GOVERNOR BROWN: Let me ask you this, Mr. Jolivet. So what is you, what is your request? I know you are in opposition. I understand the basis. What --

MR. JOLIVET: Well actually, no. I want to clarify. I think obviously my, the tone of my letter and the contents of my letter obviously would give anyone the immediate impression that I am in opposition.

LIEUTENANT GOVERNOR BROWN: Mm-hmm.

MR. JOLIVET: Actually I'm not. I'm, I understand in the reality of the world that this Board cannot stop this contract.

LIEUTENANT GOVERNOR BROWN: Mm-hmm.

MR. JOLIVET: And for the most part I am not asking for that. I'm simply asking that if the contractor is asking for a renewal, and the agency is asking for a renewal, then the Board before they give the renewal, that the Board should see fit of the propriety of having both of these contractors to comply with the tenor, with the full requirements of the law in terms of utilizing the minority, complying with the minority utilization goal that was initially put in the contract. So I'm not really against the renewal. The Board certainly has wide discretion as to whether it wants to renew it. But what I'm asking is renew it, but take some action to make sure the contractor is in compliance. And the Board has that discretion.

And I want to add we had a similar situation in the City, under the current Governor here. And that was a massive violation and failure to comply with the goal. Not

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the same contract. But the City Law Department required the contractor to enter into what was considered analogous to a consent decree. They didn't just let them, they renewed the contract but they did not just allow the contract to go forward while the contractor was still in default. They made the contractor enter into a completely new agreement where the contractor was required to meet certain goals or compensate or --

LIEUTENANT GOVERNOR BROWN: Let me just jump in here. Because that's an instructive example that you offer. I don't believe that this Board has the authority to do that, to renew and then impose a consent decree type of provision or requirement. But what I would like to do is, I think we understand your position. Thank you for clarifying. Because in your letter you did request that we deny the MTA's request to renew. But I understand where your, what your position is now.

What I'd like to do is to ask Secretary Hurley to talk to us a little bit about sort of going forward what measures, protections, provisions, oversight, vigilance,

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etcetera we bring to this, the term of the renewal, but perhaps even more importantly the next contract to ensure MBE compliance.

TREASURER KOPP: And how do you hold the vendor accountable?

MS. WICKHAM-HURLEY: Well, and I would say for the record that of course we too share similar frustrations under these circumstances. And I believe that Administrator Wells from the MTA is here and is prepared to testify that MTA recognizes that it could have done a better job in overseeing this contract and ensuring compliance. And we are very aware of the challenges that MTA has had with this contract and we are actually working very closely with them moving forward for the duration of the term of this contract to ensure improved monitoring. And in fact our best practices and the Department of Transportation's MBE/DBE program manual has a very formal process for evaluating whether a vendor has met its MBE commitments. And we have asked and MTA has committed to engaging in that formal process and coming up with a final

determination. They are going to share that with us. And we've also asked and they have committed to should they find formally that either of these vendors are in fact non-compliant with their MBE commitments that this determination will be taken into consideration when making a decision as to whether they are a responsible vendor in future procurements.

And so we recognize that we need additional teeth, kind of enforcement tools. This past year we created some of those tools. They require the BPW to issue regulations. We're working with the BPW on that. So moving forward we will have additional tools. But right now one thing we know we can do if we find a contractor to be in non-compliance with its MBE commitments, we can take that into consideration in future procurements when determining whether that vendor is responsible or susceptible to award.

LIEUTENANT GOVERNOR BROWN: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes, I have a question for the Administrator if he is here?

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LIEUTENANT GOVERNOR BROWN: Yes. Yeah, he's here.

COMPTROLLER FRANCHOT: Good.

MR. WELLS: Good afternoon. For the record, I'm Ralign Wells, Administrator of Maryland Transit Administration. I appreciate you allowing me the opportunity to address you on this matter.

COMPTROLLER FRANCHOT: Thank you, Mr. Administrator. And this item may, this question may not, I'm not sure how long you've been the Administrator. But my question is why does it take more than a year to evaluate the bid and announce an award?

MR. WELLS: I'll let my Procurement Officer talk to you about the procurement process.

COMPTROLLER FRANCHOT: If I'm right in that -- okay.

MR. WELLS: This is Jim Knighton, the Director of Procurement at MTA.

MR. KNIGHTON: Yes. For the record, James Knighton, Director of Procurement, Maryland Transit

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Administration. The question in terms of why it has taken over a year to evaluate the new solicitation is MTA, as you probably know, has some difficulty history with mobility procurements. And the solicitation that is currently underway was advertised last July, or last June I believe, following cancellation of a previous solicitation. So we are trying the very best we can to get this one right with thorough vetting and evaluation, and a series of best and final offers, that sort of thing. We're just, we're trying to do the very best we can to run a clean procurement and a fair procurement.

COMPTROLLER FRANCHOT: Okay. But it, and it's an option renewal, right?

MR. KNIGHTON: Correct, yes.

COMPTROLLER FRANCHOT: So it's, but it is more than a year since June 30th.

MR. KNIGHTON: Yes.

COMPTROLLER FRANCHOT: And the question I have is, when are you going to recommend an award?

MR. KNIGHTON: Oh. Probably in the next several months.

COMPTROLLER FRANCHOT: Okay. Then why are you requesting a 12-month extension if two months from now you are going to award a --

MR. KNIGHTON: Good question. We did that out of an abundance of caution, in case there were a protest or something that might delay it. But you know, that's, if the Board in its wisdom were to recommend something different we would, we would be open to that.

LIEUTENANT GOVERNOR BROWN: Because you could always come back.

MR. KNIGHTON: Yep. Mm-hmm.

LIEUTENANT GOVERNOR BROWN: If we did one option renewal, then you could always come back for a second and present the reasons why --

MR. KNIGHTON: Certainly.

LIEUTENANT GOVERNOR BROWN: -- before us, exercising the option.

MR. KNIGHTON: Yes. Absolutely.

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MR. WELLS: Yes, our expectation is that by the end of this year we will be ready to award because it's an open procurement right now. One of the things I do want to do is give you confidence that we have taken a multilayered approach at ensuring compliance with the MBE program. And also before we even do the award or do the RFP that we make sure that we have the right goals set. We know that the previous goal was 25 percent. The one for the newest procurement is 17 percent. It's more realistic to the environment of that type of procurement. And also we have placed this at the highest level of the organization, where the measurement of our product with regard to MBE participation will be at our STAT program in the organization as well. Also with our External Affairs Department, they are also doing that. They are putting it in the IFEMUS so we have the technology now that can alert us if the rates are not where they should be. And also the contract manager as well will now be able to go into IFEMUS and look. So I have given explicit instructions that we will make sure that we comply with the terms of the

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contract and we work with the vendor to ensure that compliance.

COMPTROLLER FRANCHOT: Yeah, I understand that. I'd be more comfortable with a six-month extension than a 12-month.

MR. WELLS: We know that we should be doing this by November. I'm hopeful that we should be able to award by that time. So that would be fair enough, if we could have that.

LIEUTENANT GOVERNOR BROWN: Mm-hmm. Anything else? Madam Treasurer, do you have anything?

TREASURER KOPP: No.

LIEUTENANT GOVERNOR BROWN: Okay. It sounds like six months is doable. That sounds like a nice balance here. It gives you time to, it gives you time to finish this new award, this new procurement. It sounds like you are very much not just mindful but are kind of geared up to ensure compliance with the 17 percent that you put on this next procurement. GOMA is engaged. The Secretary is engaged. It's in StateStat so at the highest levels of the

administration we are engaged. And the Board certainly will be interested in seeing what you guys come back with.

MR. JOLIVET: Governor, may I just make one final comment?

LIEUTENANT GOVERNOR BROWN: Please.

MR. JOLIVET: I would, I would actually agree that it needs to be taken on head on and very seriously. Because again here is a clientele, the minority community, depend on the viability and the accuracy and the full enforcement. And there is an expectation out there, and if this expectation for whatever reason is not fulfilled a lot of people get hurt. So I would ask the Board to please, whatever you do, to keep me in the loop. To keep me in the loop. I would not like this same item to come back before the Board and I would not have been at least informed. I'm not, I don't have a right to be involved in the process. But I think a citizen asking for just simply to be informed, I think that's an appropriate request.

MR. WELLS: I'd like to offer the confidence that we can do that. We would keep you in the loop. But I'm

confident that we will meet our goal because we set the goals to be more accurate this time. And I can assure you that we will work with you and let you know how we have progressed.

MR. JOLIVET: Governor, thank you for allowing me to be here today, and to impart with you my concerns. And I think that, and I'm very much, very much appreciative of having the opportunity to be able to address this Board. Because the right to petition one's government is a fundamental right that is deeply embedded in the federal Constitution, and I might add is also deeply embodied in the State Constitution.

So when a citizen like me can come down and impart with you my concerns, I think it's a great day for America. That we are living what's in our Constitution. And I want to thank this Board for allowing me to impart with you my concerns.

LIEUTENANT GOVERNOR BROWN: Thank you, Mr. Jolivet. We appreciate your continued participation and appearance before the Board. And look, I'm going to use

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this as an opportunity. You cite the federal Constitution and State law. I want to cite my two colleagues and in his absence the Governor, who have established a real practice here for the Board of Public works to be welcoming to input from the public. And I think as a result the outcome, the results here at the Board, are better. And I think I'd also like to commend the Board because of the many factors that have contributed to our ability to meet MBE goals in Maryland, this Board is certainly one of the significant factors. So I want to thank the Treasurer and the Comptroller and the Governor for that.

Okay. Great. Thank you very much. Let's, let's see, this is MDOT, this is 15 and 16. Let's put these aside. And let's act on those. What do we need to do a six-month and not a 12-month?

SECRETARY MCDONALD: Just make a motion that Items 15 and 16 that you authorize only one renewal option and not both renewal options.

LIEUTENANT GOVERNOR BROWN: Okay. So I'll move that Items 15 and 16, we authorize one renewal option. Do I have a second?

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR BROWN: Second from the Treasurer. All those in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: No. Now is that --

SECRETARY MCDONALD: And that was the, and now is the --

LIEUTENANT GOVERNOR BROWN: Okay. Anything else now on any of the other items on the MDOT calendar?

MR. KNIGHTON: Thank you.

LIEUTENANT GOVERNOR BROWN: Thank you.

MR. WELLS: Thank you.

LIEUTENANT GOVERNOR BROWN: Any other --

COMPTROLLER FRANCHOT: I have one last item.
Item 4?

MR. MOBLEY: Item 4? Okay. Item 4-AE-MOD. BCS 2005-03. Engineering contract in the amount of \$20 million for the ICC, DBE participation at 25 percent.

COMPTROLLER FRANCHOT: Exactly. Yes, I spent a lot of time on the transportation budget when I was in the Legislature and so I got pretty good at MDOT speak. But I have to admit that when I read what these folks were doing I had no idea what you are talking about. The explanation says, background states that, "the current construction schedule for the compensatory mitigation and environmental community stewardship program continues into late 2014 and we need to continue providing construction inspection services for the mitigation stewardship program, by construction management and compliance services for another two years at \$20 million." And what are they doing for \$20 million?

MR. MOBLEY: Mr. Comptroller, I do have Norie Calvert from the State Highway Administration here, the Procurement Officer --

TREASURER KOPP: Who?

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MR. MOBLEY: -- who can come up and speak to this particular contract?

TREASURER KOPP: Oh.

MS. CALVERT: Hi. For the record, Norie Calvert with Maryland State Highway Administration. Thank you, Lieutenant Governor, Treasurer, and Comptroller. In response to your question, I think most of us are aware that the ICC went through a very extended NIEF approval process and litigation associated with hit. As part of that State Highway agreed to do an enormous amount of environmental mitigation. Wetlands, stream restoration, those types of projects. There's dozens and dozens and dozens of individual sites that even expand beyond the ICC corridor itself and those are the oversight activities that have been ongoing and are going to extend beyond what we thought the original duration of the GEC contract was going to be to oversight, or to provide oversight for the completion of those contracts.

COMPTROLLER FRANCHOT: Okay. So they are going to look at stream bed stabilization, creation of wetlands, reforestation plantings, things like that?

MS. CALVERT: Is what they are doing is they are actually overseeing the design components, helping to approve the design components, helping to put together the specifications, award any of those contracts, and also provide construction inspection for those contracts. So.

COMPTROLLER FRANCHOT: Okay. So there are site visits, they are filing periodic reports?

MS. CALVERT: They are --

COMPTROLLER FRANCHOT: How does that add up to \$20 million?

MS. CALVERT: They are actually doing the design services, too, for much of that. Because really the State Highway staff do a lot of the site visits and oversight. But the work effort level and doing a stream restoration project is pretty extensive, the engineering and design.

COMPTROLLER FRANCHOT: So they are actually doing the work?

MS. CALVERT: They are doing the design, advertisement, and construction inspection. They are not doing the actual construction activities. It's a 17-mile corridor and most of those mitigation sites have been advertised as individual separate projects in order to keep the project moving on and to meet the commitments under the agreement to move forward with the ICC.

COMPTROLLER FRANCHOT: Okay. So I'm going to take that at face value. But I would, I still am a little skeptical about the, I mean I understand design but I didn't see that in here. What I saw was a lot of site visits and reports back to you guys. Which are important, but that's a lot of money, \$20 million. You could provide local highway user revenues to 20 communities that would --

MS. CALVERT: And I would probably add that in general with the ICC, and I think it is demonstrated from the financial plan and all the efforts they have done to keep the project in under schedule, that their original estimates are often conservative. And everybody shoots for coming in well underneath that. I did estimate that we are

going to hit that \$20 million. That's just an estimate. But I think we feel confident that we can come in well under that.

COMPTROLLER FRANCHOT: Okay. Thank you for that. Please let us know what the final number happens down the road is. And Lieutenant Governor and Treasurer, I made a mistake on the Secretary's Agenda. I got so interest in the cutting of grass in the median strips --

COMPTROLLER FRANCHOT: -- I forgot to vote against Item 22.

LIEUTENANT GOVERNOR BROWN: Oh, you didn't vote against that?

COMPTROLLER FRANCHOT: If I could be recorded in opposition I would appreciate it.

LIEUTENANT GOVERNOR BROWN: And that was, remind me, what was that? The 1.5?

COMPTROLLER FRANCHOT: That was the VLT --

LIEUTENANT GOVERNOR BROWN: Okay.

COMPTROLLER FRANCHOT: -- contract.

TREASURER KOPP: Could I just ask a by-the-way question? What ever happened with the brown trout? In the ICC wildlife. Do you happen to know?

MS. CALVERT: I know that they were identified in some of the trout streams, and I know that there were very strict restrictions put on when they were doing those stream restorations so that they could preserve the brown trout. I have not heard of anything bad happening.

TREASURER KOPP: So do we know if there still are brown trout in the --

MS. CALVERT: I'm fairly certain there still are. I could check on that and get back with you.

TREASURER KOPP: I'm just curious. Thanks.

MS. CALVERT: Any other questions on Item 4?

LIEUTENANT GOVERNOR BROWN: Way to take charge.

(Laughter)

LIEUTENANT GOVERNOR BROWN: Any other questions?

TREASURER KOPP: She's good at this.

LIEUTENANT GOVERNOR BROWN: Yeah, she's good.

MS. CALVERT: Any other questions for me on Item 4?

LIEUTENANT GOVERNOR BROWN: Good, anything else on that item? Okay. No. Anything else on any of the other items for the MDOT calendar? Hearing none, the Comptroller moves approval, and that's with 15 and 16 that have been amended. The Treasurer seconds. All those in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: Any opposed?

(No response.)

LIEUTENANT GOVERNOR BROWN: Hearing none, MDOT's Agenda as amended is approved. And let's go take it home with DGS.

MS. WALKER: Good afternoon, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm D'Andrea Walker, Deputy Secretary for the Department of General Services. The Department has 25 items on our Agenda. We would be glad to answer any questions you may have at this time.

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LIEUTENANT GOVERNOR BROWN: I just want to say on Item 1, I went out a year ago and visited Deer's Head. So I'm very excited to hear that we are moving forward on the new kidney dialysis unit out there. And what a, you know, a quality of life difference it is for, you know, folks in rural Maryland that need that service. So that's great. Keep moving forward on that one. Anything else anybody? Great. Hearing none the Comptroller moves approval, seconded by the Treasurer. All those in favor say, "Aye."

THE BOARD: Aye.

LIEUTENANT GOVERNOR BROWN: None? No?

(No response.)

LIEUTENANT GOVERNOR BROWN: DGS' Agenda is approved. That concludes the meeting of the Board of Public Works.

TREASURER KOPP: Thank you.

(Whereupon, at 12:27 p.m., the meeting was concluded.)