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P R E S E N T

HONORABLE MARTIN O'MALLEY, Governor, Presiding;

HONORABLE NANCY KOPP, Treasurer;

HONORABLE PETER FRANCHOT, Comptroller;

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

AL COLLINS, Secretary, Department of General
Services;

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

JAMES SMITH, Secretary, Department of
Transportation;

EMILY WILSON, Director, Land Acquisition
and Planning, 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,

MISSY HODGES, Recording Secretary, Board
of Public Works.

C O N T E N T S

<u>Subject</u>	<u>Agenda</u>	<u>Witness</u>	<u>Page</u>
MOU concerning Construction And Revitalization Of Baltimore City Public Schools	SEC Item 14, p. 20	Sheila McDonald Michael Frenz Kim Nelson Dr. David Lever Gary McGuigan Keith Scroggins	11
Acquisition of Property for New Rock Glenn Park	DNR Item 7A, p. 8A	Emily Wilson Arden McClune Mike Bennett	38
Logistical and Transportation Services for Maryland Voting Equipment	DBM Item 1-S, p. 1B	T. Eloise Foster Kim Meiklejohn	41
Comprehensive Utility Bill Management Services	DBM Item 2-S, p. 4B	T. Eloise Foster Al Collins Robert Wallace Lauren Buckler	41
Clinical Laboratory Services for Spring Grove Hospital Center	DBM Item 4-S, p. 11B	T. Eloise Foster	41

<u>Subject</u>	<u>Agenda</u>	<u>Witness</u>	<u>Page</u>
Community Sex Offender Treatment Program in Prince George's County	DBM Item 5-S, p. 14B	T. Eloise Foster	41
Community Sex Offender Treatment Program in Montgomery County	DBM Item 6-S, p. 16B	T. Eloise Foster	41
Equity Interests In UMBC Research Park Corporation, Inc.	USM Item 6-GM, p. 11C	Jim Stirling Terry Cook	56
DOT Agenda	DOT	James Smith	60
Grant to Cornerstone Montgomery for Acquisition of Home in North Bethesda	DGS Item 24-CGL, p. 50	Al Collins Hank Heller	61

P R O C E E D I N G S

GOVERNOR O'MALLEY: Ladies and gentlemen, welcome to the Board of Public Works. Today is October 16, 2013. This is, and we meet at a really rough patch in our Republic's history because our primary representative institution is no longer representing the spirit of compromise and goodness of the people of our country. Let's hope and pray that in the hours ahead that those pro-shutdown Congresspeople understand that shutdown is bad for the economy and bad for jobs. It's certainly wreaking havoc on our revenues, eh Secretary Foster?

MS. FOSTER: Correct.

GOVERNOR O'MALLEY: And I know I was recently in Calvert County. Reverend Hahn runs a food pantry there and last week he had 60 families at least, I mean these are only the people that volunteer their stories, he had 60 families whose primary breadwinners were federal employees, or the employees of companies that are federal contractors. One woman whose husband was a Capitol Police Officer started welling up with tears as I was speaking with her. It's really, these are the faces. These are the real people that are affected by this obsession with ideology and shutting down our government. So let's hope more

moderate voices rise up and infuse a little greater compassion and understanding into the proud party of Lincoln. Any opening thoughts? That was kind of a dour way to start but --

COMPTROLLER FRANCHOT: Yeah --

(Laughter.)

TREASURER KOPP: Well you know, the other thing is obviously anyone who is following the bond ratings of the United States, and of the states which are closely inclined with the United States, understand that this has a very significant and immediate effect. But in addition, I just have to say as an individual there is a concept of triage going on. Which is it's okay if we pay the interest on our Treasury Bonds, and nothing else. Which means at the end of the month you cut social security. You cut all those vendors, including Maryland contractors and vendors, but you just keep paying the interest on the bond. It seems to me totally irresponsible. That seems to me also to be totally irresponsible, in addition to the other totally irresponsible things. But that's just a personal concern.

COMPTROLLER FRANCHOT: Governor O'Malley and Treasurer Kopp, I share the concerns you express today. Obviously there's

a lot of consternation out there. It's not just the state of the economy, it's the state of the country's political process. But as much as there is concern out there, you know, there's so many things to be optimistic about. I just was walking over here and in Lawyer's Mall met Mrs. Jackson's fourth grade class from Cradle Rock Elementary School in Howard County. And a better behaved, brighter eyed, more curious group of outstanding kids you'll never meet. And so Governor, I bring them greetings. They weren't much interested in seeing me but they asked about you.

(Laughter.)

GOVERNOR O'MALLEY: I saw a couple of the classes over there, yeah.

COMPTROLLER FRANCHOT: But I don't know whether anyone saw *60 Minutes* on Sunday? One of Maryland's finest, Jack Andraka, a 15-year-old North County High School student right here in Anne Arundel County was a subject of a *60 Minutes* story, appropriately dubbed *Boy Wonder*.

Jack, as you know, or may know, lost a close family friend to pancreatic cancer. The way he grieved was to fuel his inspiration to find a better early detection device for

pancreatic cancer than the ones that were on the market. He combined two common concepts in biology and physics and came up with a brilliant game changing idea. But like many acts of genius, he had a hard time finding anyone who thought that it could work. And he had about 100 rejections until he finally met Dr. Maitra at Hopkins, of all places. And Dr. Maitra helped Jack demonstrate the validity of the concept. Jack won the coveted Intel's International Science Contest and a \$100,000 prize for a detection device that is faster and more accurate than what is on the market by leaps and bounds.

And what caught my eye as Comptroller is that the purchase price of this particular test is about three cents. But think of that, the ability to detect pancreatic cancer before any symptoms have shown. It gives us a chance, it gives the medical profession a chance to beat this tragic disease.

I had the pleasure to meet with Jack and his family soon after he won the award and I know that he spent time with Governor O'Malley, and has been recognized by the State. Spoke, was at the State of the State speech. I told Jack two things when I met with him. Number one, he gives me hope for our State and our country. And two, I asked him to please make sure that

he keeps the company that produces this in the State of Maryland.

(Laughter.)

COMPTROLLER FRANCHOT: Jack isn't the only reason I have hope. I've had the chance over the past couple of weeks to stop at several Rotary Clubs and Chambers of Commerce. If you haven't been to a Rotary Club meeting recently, please go. I continue to be amazed with the type of ingenuity, resiliency, community involvement that these small business shop owners gather in these different organizations.

I also attended the Teacher of the Year awards last Friday, and I think the Governor also was there later. But I was, had a chance to recognize 24 recipients of each county's Teacher of the Year. And when you are at that gala it just reminds you how socially and economically important teachers are. I got a big round of applause when I said, "You guys are underpaid and overworked," and that's the truth. What they do for our kids is priceless.

I stopped by a Weber's Cider Mill in Baltimore County, had some of their apple cider doughnuts. I went to the Milburn Orchards in Elkton, had a chance to thank the countless people

who are involved in Maryland agriculture and provide a lot of heritage and employment. I stopped by in Montgomery County, the Kentlands, where they had an Oktoberfest. I got a brat and a beer, a whole lot of German music, and it was great. I stopped by the local volunteer fire department open house up there in Kentlands. And it's just a great reminder when you get around the State of what a wonderful place it is to live and raise a family.

Later on today I will be presenting a Maryland Masters Award to Grace Davis, a elementary school student from Wicomico. And I've mentioned this award that I'm making to students in each jurisdiction for prowess in the arts. Grace's art, Governor and Treasurer, will be on display in my office and please stop by and check it out. Because my view is that the arts are not just a cultural asset for the State, they are an economic asset. Because these new companies that are moving into the State want not only technical knowledge, that's very important to them obviously. But they really want creativity. And they want kids that can draw, and can think, and can write creatively. So these art awards are really just my recognition of confidence in these kids.

And thank you for letting me take a moment and share my optimism about the State. Because it's just a fabulous place to live and work and raise a family. Thank you, Governor.

GOVERNOR O'MALLEY: Hear, hear. Optimism is always welcome. All right. Let's go to the Secretary's Agenda.

SECRETARY MCDONALD: Good morning Governor, Madam Treasurer, Mr. Comptroller. We have 17 items on the Secretary's Agenda. At the request of St. Mary's College of Maryland I am withdrawing Item 17. We are prepared on the other 16 items.

GOVERNOR O'MALLEY: Any questions, Secretary's Agenda? Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 14?

SECRETARY MCDONALD: Item 14 is an exciting item. I don't know if Mr. Frenz is starting off? This is the Stadium Authority's work with Dr. David Lever, the Public School Construction Program, with Baltimore City, and Baltimore City Schools for a memorandum of understanding for revitalization and construction of schools in Baltimore.

MR. FRENZ: Thank you. Governor O'Malley, Madam Treasurer, Mr. Comptroller, ladies and gentlemen, we're very pleased to be here to ask you to approve this historic memorandum of understanding. If you recall the Legislature in the law asked us to establish a four-entity agreement to implement the Act. It included the Maryland Stadium Authority, Baltimore City Public Schools, the City of Baltimore, and the Interagency Committee on School Construction. The bill enumerated 16 key points that would be addressed in the MOU and also established a date of October 1, 2013 for each entity's governing authority to approve the MOU.

I just want to quickly say that the MOU process went better than expected. I mean, it was a long hard series of meetings with negotiations. And the importance though is that we believe that important bonds of trust and mutual respect were formed, and those bonds we think will carry over and will bode well for the success of the overall program. And in its specifics we believe that the MOU allows the MSA to do what we think we do quite well, which is to bring in construction projects on time and on budget. We think it also addresses other issues that people have identified and allows each entity to do what it does best.

I think we have prepared a power point to go over some of the key deal points. And Gary McGuigan, our Project Executive who really has lived this since the bill has passed, will be doing that. Dr. Lever?

GOVERNOR O'MALLEY: Is anybody here from the City?
Hi, what's your name?

SECRETARY MCDONALD: Could you come to the microphone, please, and introduce yourself for the record?

MS. NELSON: Kim Nelson, Deputy Chief of Staff for Mayor Stephanie Rawlings-Blake. And it was my pleasure to work with the Stadium Authority. I'm echoing everything that Michael just said. The process was amazing, collaborative, and I think the City has a new set of friends and collaborators as we move through the process. Thank you.

GOVERNOR O'MALLEY: Old friends.

MS. NELSON: Old friends. Renewed friends, how about that?

GOVERNOR O'MALLEY: Thank you, Ms. Nelson. Please give the Mayor our best. Thank you.

DR. LEVER: Good morning. I will just echo what has already been said. And I think the process was outstanding. A lot of hard work went into it. There were important interests

that had to be protected and at the same time we also wanted to have a process that was very flexible that could address the uniqueness of this program. The magnitude of it and the unusual funding arrangement. And I think we arrived at that through the discussions that occurred. So we're very confident that the projects that will go forward will be well-justified projects and they will be in good hands being carried out by Stadium Authority and by City Schools.

MR. MCGUIGAN: Good morning Governor, Treasurer, Mr. Comptroller. We have a short presentation which just gives the highlights of the MOU. Kevin, the next slide, please? And it's broken down into the four agencies with primary roles and responsibilities.

For the Stadium Authority we will receive \$60 million per year, a third from the State, a third from the City, and a third from City Schools, which we will leverage up to \$1.1 billion. And those comments about the bond rates I think are right on point. We don't expect to sell bonds for a few years so we don't know exactly how much we can leverage.

MSA will actively manage the new construction projects. We will participate in the renovation procurements and our Board will approve those contracts. All State policies

and procedures will abide, and especially when it comes to MBE and prevailing wage. MSA will approve all change orders and make all the payments. And we will also oversee the stat committee which will report MBE, local hiring, maintenance schedule, and budget, and the like.

And we'll make sure that the schools are closed on time. And we do that by, the schools need to be closed before we release construction funding. Next slide, please?

The Public Schools will basically manage the process early with the ED spec and feasibility studies up to an early design package, and then they will turn it over to us for their new construction, or they will continue on the renovation projects which they will actively manage.

And Baltimore City and the Schools, besides funding a third of the program, will also resolve any of the community issues before the early design packages.

And the IAC will approve the projects as they currently do. There are issues with assurance on maintenance standards. A comprehensive maintenance plan needs to be submitted by December and approved by the IAC. And individual building maintenance plans need to be approved before construction funding is released.

And also a utilization target rate plan needs to be submitted by December and approved by the IAC. Next slide, please?

In terms of the four parties, all the four parties need to sign off on each project at that early design stage. So all the community issues need to be resolved prior to that. And in terms of dispute resolution MSA and its Board will resolve all disputes related to schedule, budget, and financing. Any other disputes will be resolved by the Executive Committee.

TREASURER KOPP: If the Executive Committee is not unanimous, I assume it's a majority vote, if there is not a majority vote it goes to the Superintendent?

MR. MCGUIGAN: That's correct. The ultimate, and all other disputes not related to the MSA discretion, then the Secretary of Education will have the ultimate say.

TREASURER KOPP: And things related to MSA, in the end is the Authority Board?

MR. MCGUIGAN: Yes. In terms of the Board of Public Works, you will see and approve for each project. For new construction you approve the bond issuance, design contracts, preconstruction contracts, and construction contracts. So for each project you will see it four times. For the renovations

you approve the bond issuance, so you'll see it once. Next slide, please?

So we set up a number of committees. The Executive Committee really administers the MOU. It has one voting member from each of the parties. And the other three committees report to the Executive. So the collaborative group who will work with the local community on engaging local residents and trying to encourage local resident hiring, we will be administering the new executive order in terms of apprenticeships and such. The -

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GOVERNOR O'MALLEY: You guys have to be tight on that.

MR. MCGUIGAN: Yes, sir, we will.

GOVERNOR O'MALLEY: It doesn't happen by itself and it takes a lot of work up front. And please, don't wait until it comes here and have this room filled up with everyone saying that you didn't do what you said you were going to do. If you call us ahead of time, or you call the City ahead of time, we'll help you get to those networks of people in the City that can make sure that you do as much of the local hiring as we possibly can. Right? I mean, I think I, I think the Mayor is of the same mind. So let us know up front. Don't come back and say we couldn't find anybody.

MR. MCGUIGAN: Understood. We spent a lot of time discussing this and we do treat it very seriously.

TREASURER KOPP: That's related to a question I have here. Which is the Executive Committee, we're talking about something that is going to last for a significant period of time. The Executive Committee is at least one member from each agency. Is there any understanding or assumption of what type of position that representative will be holding?

MR. MCGUIGAN: I think it will be the head of the agency or committee or their designee. The actual person I don't think has been decided. But when we established it --

TREASURER KOPP: But it's going to be somebody at a high level?

MR. MCGUIGAN: Yes. Yes, ma'am.

TREASURER KOPP: I mean, one thing we can't have is this thing get lost in the weeds somehow.

MR. MCGUIGAN: Right. Understood. The Coordinating Committee is made up of various units from the City, MSA, and City Schools. And we will be looking at revitalization efforts and opportunities around the schools. And the Stat Committee I mentioned before, we will be chairing. All the reports will be public. One thing I failed to mention is the Executive

Committee will meet in a public forum. So we, even though we may not have been subject to the open meetings act, we made ourselves subject.

And that's it in a nutshell. I think it was a good work effort. I think we have a good product to move forward. And we look forward to implementing the plan.

TREASURER KOPP: As I understand it, just in terms of working, the plan for this will be submitted at the same time as the normal CIP, school construction from the local board?

DR. LEVER: That is correct. And we have received the request for this year that came in electronically on Friday, the hard copy yesterday.

TREASURER KOPP: So when you look at the normal school construction program you will know already what is being dedicated to City Schools via this new program?

DR. LEVER: Yes, we will be working together. And I believe next year there is going to be some schedule adjustment that we'll have to take account of. But after that, for this year and then two years from now, they'll coincide. So we will always be working with CIP and with these projects together, looking at them as a whole. Under different funding, different funding of --

TREASURER KOPP: No, I understand that.

DR. LEVER: Yes.

TREASURER KOPP: But so you will be taking action on the CIP with the knowledge, everyone will have knowledge --

DR. LEVER: Correct.

TREASURER KOPP: -- of, that's all I --

DR. LEVER: Yes.

TREASURER KOPP: How you do it after that is up to you all. Is there going to be a change, what sort of changes in terms of resources at IAC are going to be required?

DR. LEVER: Well we do have a new individual coming in next Monday. Seems to be a highly qualified individual. He will have to become familiar with this IAC process, which is quite complex, but also he is a Baltimore City resident. I think his kids went to school in Baltimore City so he is very knowledgeable --

TREASURER KOPP: So you are going to have one person dedicated to this program?

DR. LEVER: One person dedicated. But we will have, for instance the maintenance inspection program will still continue to inspect schools in Baltimore City, as they do now. And --

TREASURER KOPP: Very few of them, though. And sporadically. So --

DR. LEVER: Relatively few. We did a total of 33 in FY'11 and FY'12, and our resources are stretched. But we're hoping also, we're in some discussion about possibly supplementing those resources, working with Stadium Authority on that. And this individual, of course, will become familiar with our maintenance inspection program. So that's a way to enhance that program as well.

TREASURER KOPP: I would be interested to know as this proceeds what the impact is on just the working of the program for other jurisdictions.

DR. LEVER: Yes.

TREASURER KOPP: And how much is being taken away, or how much has to be added, to make it all work. You've already, the Comptroller has pointed out, the need for inspections and the fact that we don't probably do as many as we should, and the impact on maintenance, and a number of different things.

DR. LEVER: Yes.

TREASURER KOPP: And while fully supporting this new venture, and construction as rapidly as possible, and

reconstruction of the schools, not at the cost of appropriate administration of the rest of the IAC program.

DR. LEVER: I agree completely. And that has been a guiding principle for us, actually for the last two years. Although a huge effort has gone into this, a great deal of time has gone into developing the MOU, we have been very conscious of the needs of the other jurisdictions and have made sure that we are not sacrificing services to them. We are certainly stretched in every respect. But we are still trying to maintain the quality of services.

TREASURER KOPP: Well I hope if there is a problem you will speak out and not just repeatedly mention that you are stretched, but actually --

DR. LEVER: Yes.

TREASURER KOPP: Thanks.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes, thank you very much. I appreciate all the hard work in bringing this MOU before us. The Maryland Stadium Authority, the IAC, Dr. Lever, the Baltimore City School Board, the Mayor, and City Council, obviously this MOU is the result of a lot of collaboration. It's going to provide for the management of a ten-year, \$1.1

billion Baltimore City school construction initiative. This initiative was approved by the Governor and by the General Assembly. My understanding is the Stadium Authority will issue up to \$1.1 billion in revenue bonds for construction and renovation projects that are included in the ten-year plan.

I agree with the Treasurer. It's a very important initiative and a timely one. But given the amount and the length of this initiative, I just want to make sure the proper oversights are there to guarantee that the children and the taxpayers are getting the best possible return on what can only be described as a massive investment.

So I have a couple of questions. First Dr. Lever, following up on the Treasurer, could you just discuss the process under which IAC and BPW will scrutinize and approve or disapprove specific projects under this new arrangement? And how that would differ from the public school construction program process that we currently have in place?

DR. LEVER: We will be scrutinizing the projects for the same factors that would apply to major projects that would be submitted by any jurisdiction for renovation or replacement. We will be looking at enrollment projections. We will be looking at the adjacent schools for justification. We will be

looking at the educational program itself. We will want to know that the scope which is submitted has been approved by the local authority and is supported also by the City. Those remain the same.

The critical difference, I think, is that when we look at projects now we are also looking at, particularly projects for requesting for funding, we are looking at the timeline to make sure that State dollars that are allocated are actually used in the fiscal year. And it basically goes back to that with the large amounts of funding that have been provided by the General Assembly and approved by the administration in recent years, we still have vastly more needs than we can possibly fund. So we want every dollar to be used well.

That changes with this because the funding is assured. So the timeline becomes less significant for us but the same scrutiny will be applied to the justification. A needed project of an appropriate size, the site issues that we are always concerned about, the adjacent schools, that level will be the same. Secretary Collins, would you like to add anything to that?

COMPTROLLER FRANCHOT: Thank you, Dr. Lever. I guess what I'm having trouble visualizing is how this is going to work

in real life. Because there are, on page 16 of the MOU there are four separate opportunities for this Board to review and approve the replacement projects, I take it?

DR. LEVER: Mm-hmm.

COMPTROLLER FRANCHOT: To what extent will that process track the appeals in January, and final approvals in the Spring? Is there going to be a matching of these schedules so that we are --

DR. LEVER: The IAC approvals will be reported to the Board of Public Works, and we will provide reports concurrent with our requests for approval for CIP projects. So in January as we are bringing forward our recommendations for the CIP we will also report on the status of these projects and the IAC's actions.

The four actions that Mr. McGuigan mentioned really have to do with project timelines and the issuance of bonds. I think he could probably speak to it better than I can. But it's somewhat separated out from the IAC approvals. Would you like to speak to that?

MR. MCGUIGAN: Sure. Those four actions are all procurement actions, just related to the design and construction contracts, besides the bond issuance documents. So three

actions are procurement, one is bond issuance that the Board will see.

COMPTROLLER FRANCHOT: Okay. So Mr. McGuigan, while I have you up there?

MR. MCGUIGAN: Yes?

COMPTROLLER FRANCHOT: If you could just, I know that some of this was up there as far as what the City is contributing. But could you just confirm the projected debt service costs associated with the initiative and how much is being supported, again, by Baltimore City? I saw the, I think it was \$20 million. But how much of this is being supported by the State and the source of the State's funding?

MR. MCGUIGAN: The State is Lottery revenues, which is \$20 million. The City is \$20 million, which is a combination of the beverage tax and VLT rents and also, I might need help from our CFO. Mr. Raith?

MR. RAITH: Table games.

MR. MCGUIGAN: Table games, thank you. And the third is \$20 million from City Schools.

COMPTROLLER FRANCHOT: Okay. And if, while I've got you up there, I'm not, maybe, it's either you and Dr. Lever, maybe. I noticed on page 20 of the memorandum of understanding

there is a lot of space given to describing the multiple recreational facilities that can now be constructed and it's described as for community and other cooperative use space on Baltimore City School property, ranging from playgrounds and athletic fields, to pools and locker rooms. And obviously I believe that kids in Baltimore deserve all the amenities that we can possibly provide, the same kind of ball fields, basketball courts, dining cafeteria, and libraries that are frankly taken for granted in many of our jurisdictions. But are absolutely required. And I can't imagine anybody objecting to those in these projects. But I'm curious about the language which provides for amenities for "community use." I just want to make sure that the school funding initiative is not going to be used as an alternative way to build other non-academic facilities that, however worthwhile, frankly should be paid for through other funding sources, not these critically needed school funds. Is that a problem? Or am I just --

MR. MCGUIGAN: Yeah, I don't believe that will be a problem. There was a large discussion about trying to come up with a model for each school. And that didn't seem possible because some schools in different locations might need a little more community space than another school in another location

which already has a community center. The intent was really to work it out on a school by school basis with most of the discussion between the City and City Schools. But it will require both the IAC and MSA approval as to what the ultimate use of the space is. So we'll make sure that it's not overabundant and extravagant.

I mean, there's two issues. One is the amount of actual square footage devoted to community use space, and I believe right now the IAC funds up to 3,000 square feet. The second is actually use of the school, where other parts of the school can be used by the community. And that will be worked out between the City and City Schools.

COMPTROLLER FRANCHOT: Okay. But you understand the concern, that it all of a sudden becomes, I'm sure there are wonderful other projects, I just want to make sure that these are not, that you have that kind of filter on it. Great.

And then let me just ask about the, what the Treasurer brought up, about maintenance. Because traditionally, to be honest, the school system, and the Deputy Chief of Staff is here of the City, has lagged behind some of the other jurisdictions as far as maintenance of existing buildings. Part of that is just the age of those buildings. But the fact of the matter is

that other jurisdictions do better in the maintenance survey that you mentioned. But we've always kind of exempted the City to a certain extent by saying, "Look, they have unbelievable unmet needs and they have a paucity of resources." So we haven't really focused on that, I guess, because of the challenges up there from a resource, from a funding situation.

Now we've got this funding and I just want to make sure that the high standards of maintenance for the existing facilities that you hold all the other jurisdictions to around the State in order to maximize the life span and reduce long term repair costs, and provide learning spaces that everybody recognizes are first rate even after they are ten, 15, 20, 25 years old because they are well maintained. Is that going to be a priority?

DR. LEVER: It is a priority. We had a great deal of discussion about this. And I think there's no question that the focus of maintenance on the schools that are funded through the Act is very, very important and the Stadium Authority will carry a fiscal responsibility for those buildings even after they are handed over to City Schools and so has a direct interest in the maintenance. And that is for the short term, the warranty period, but also for the long term as well.

Our interest of course is in those schools as well, but we extend to the rest of the school system.

COMPTROLLER FRANCHOT: Mm-hmm.

DR. LEVER: And it's very important for us to know that good maintenance being applied to the City, to the schools that are funding through the Act, the same levels of maintenance are being applied to all schools. There is no reason why a child that's lucky enough to be in one of these new schools should have better maintenance, and a safer and healthier environment, than a child that happens to go to a school which is in the queue to be renovated, or is perhaps even outside of the queue altogether because of financial fiscal constraints. So it is an area of very important focus for us throughout this process.

COMPTROLLER FRANCHOT: And is that your responsibility? Or the Stadium Authority? Or someone --

DR. LEVER: It's a joint responsibility. The comprehensive maintenance plan that Mr. McGuigan mentioned in the presentation will be approved by the IAC but with review by the Stadium Authority. So it obviously would not go forward I think to be approved by the IAC if the Stadium Authority raised

any objections to it. And we will be working in a collaborative way, I believe, through this whole process.

COMPTROLLER FRANCHOT: Okay. Well I'm glad you are on top of that. Then I have a, just a couple of other quick questions. On page 15 I quote, "beginning in calendar year 2013 requests for IAC approval of ten-year plan projects will be submitted at the same time, but separately from the City Schools annual CIP submissions." And you may have mentioned this already. But help me understand the practical difference between the ten-year plan project and the CIP submission?

DR. LEVER: They come in, in fact I have them with me right now. They come in. Different colored paper, so we can keep them separate. We want to keep these two streams separate from one another. The forms are virtually identical to the regular CIP projects. As I said, we are looking at the same factors, in general, with the exception of that timing issue. We are not so concerned about bid date and occupancy date as we would typically be for CIP projects. Because the funding stream is so different. But we are concerned about the other factors.

COMPTROLLER FRANCHOT: Okay.

DR. LEVER: Fundamentally we want every project that is approved by the IAC to be one that we can all say is a

justified project. And we want to be very concerned that we are not overbuilding, too. That we are not building too many schools and we'll have to regret that later on. So the IAC also has the authority to rescind an approval if the conditions change before construction starts. Once construction starts, we accept, that project goes forward.

COMPTROLLER FRANCHOT: Excellent. Then one of my favorite subjects, air conditioning in the classrooms. You gave us some time ago a chart that showed that three systems in the State, Baltimore County, Baltimore City and Garrett County --

DR. LEVER: Yes.

COMPTROLLER FRANCHOT: -- where, you know, summer is about a week long out there. And so I understand the lack of air conditioning out there. Baltimore County I've been very aggressive with, and I'm glad to see Dr. Dance is committed to installing air conditioning in schools. And I don't particularly appreciate the resistance to box units because I think it could be done a lot faster. But the City of Baltimore, frankly, has had a completely unacceptable record when it comes to climate relief. And we've kind of exempted them once again, same as with maintenance, because we said they had urgent needs, and limited amounts of resources, etcetera. So you've mentioned

the fact that now, no dough, no go, now here's a lot of dough. So I would like to know if the issue of air conditioning has come up in the early stages of this new collaboration, and if there is a plan in place to ensure that every single classroom in every single school in Baltimore City is air conditioned? So that these unfortunate kids and unfortunate teachers don't have to sit in unhealthy ovens, really, and get, and try to educate, do the educational process. But they can work in conditions that all the other kids in the State have, which is a comfortable temperature.

DR. LEVER: The schools that are funded through the Act will all be air conditioned. And renovated and replacement schools will all be air conditioned. And so of course that will be a very large number of students after seven years. Currently I understand from Mr. Scroggins that 60 percent of the students are without air conditioning now. That number equates to 46,000 students and that will drop by 3,500 in the next few years due to actions that are being taken now, projects that are already in the pipeline. That's not the Stadium Authority funded projects, these are the regular projects, am I correct about that? Thank you.

So about a long term plan, I think Mr. Scroggins or someone else from the school system would have to speak to that. I'm not familiar with a plan to work outside of the Stadium Authority. There are a large number of HVAC projects and we already see those in the CIP. So they of course entail air conditioner in whole or in part for the schools. But of course that also goes to the question of how much funding we will be able to provide from the CIP.

COMPTROLLER FRANCHOT: 46,000 kids, that's a lot of kids.

DR. LEVER: It is.

COMPTROLLER FRANCHOT: They go home, and they have to take their socks off and wring them off they are so wet from the hot temperatures. How can we possibly expect kids and teachers to work in that environment? So maybe the City could come and brief me --

GOVERNOR O'MALLEY: Do you want to hear from Mr. Scroggins?

COMPTROLLER FRANCHOT: I'd love to, but I don't want to --

GOVERNOR O'MALLEY: Mr. Scroggins, come on down. Good to see you again. Mr. Scroggins walked in backwards to the

Baltimore City Public Schools some ten years ago and said he was leaving.

(Laughter.)

GOVERNOR O'MALLEY: And they allowed him to stay and improve the facilities.

MR. SCROGGINS: Actually seven years ago --

GOVERNOR O'MALLEY: Seven?

MR. SCROGGINS: And a good seven years.

GOVERNOR O'MALLEY: I was close. I'm getting old.

MR. SCROGGINS: I think there is one thing we want to add, is that after phase one is completed in seven years we will add another 19,000 students who will be receiving air conditioning in their new schools. So you know, we understand the problem. We have tried to make a concerted effort with the funding that we have received to, you know, include air conditioning as much as possible. And we think that at least at the end of phase one we will have about 80 percent of our students will be in air conditioned buildings.

COMPTROLLER FRANCHOT: Well I'm not going to belabor this. But I find it infuriating that the kids are put in this situation. And frankly the fact that we are building, going to build, all these beautiful, spanking new, fancy schools, with

state of the art HVAC, and there are, continue, or currently according to what Dr. Lever said, more than 40,000 kids that are in these unhealthy conditions. I hope you can go back and come up with a quicker, more aggressive mode now that some of this money is coming in to take perhaps some pressure off some of the other demands you had on your money. But there is no reason why you can't within six months put a box unit in every one of those classrooms and provide relief.

MR. SCROGGINS: Well we will certainly look at every opportunity, if we can, to put in air conditioning. We think we have made tremendous progress in the last seven years. And without a doubt, this program is instrumental in helping us to build 21st Century schools that are air conditioned and provide greater comfort to our students and our teachers and administrators. So we are --

GOVERNOR O'MALLEY: I was at the old Southern High School the other day, I mean, Southwestern High School, where the SEED school now is.

MR. SCROGGINS: Mm-hmm.

GOVERNOR O'MALLEY: And remembering that hot, hot day when we were dragging debris out of the place and replacing those windows in the cafeteria. It's amazing what they have

done with what was a very gulag like design there. It's really beautiful.

MR. SCROGGINS: Yes, sir.

COMPTROLLER FRANCHOT: And so, yeah, no I'm, since I've got you here, and I'm not going to probably see you again for a while. But I need something that really, I mean it's nice to say after seven years that we are going to have 19,000 fewer kids in these unacceptable conditions. But what about these box units and moving forward now on the 40,000-plus kids? I mean, how can you just say, oh, well we're making what progress we can? Anne Arundel County put a box unit in every classroom 12 years ago, they are still there. They work perfectly well. It's not rocket science. And it's affordable. Baltimore County going a different direction, I'm, you know, they are a different jurisdiction. But I hope someone back in the school system, Madam Deputy Chief of Staff, I guess you are the highest ranking person here. I hope that someone will apply some urgency to this situation. It is inhumane to have 40,000-plus kids in un-air conditioned classrooms. We've got some nice air conditioning here right now, I feel it. It's nice. So I'm going to cool down.

(Laughter.)

COMPTROLLER FRANCHOT: And ask you to take a look at this, please.

MR. SCROGGINS: Absolutely.

GOVERNOR O'MALLEY: Mr. Scroggins, thanks for all you've done to improve the facilities in the City.

MR. SCROGGINS: Thank you, Governor. Thank you for your help.

GOVERNOR O'MALLEY: Big, big difference from seven years ago.

MR. SCROGGINS: That's right.

GOVERNOR O'MALLEY: Thank you.

MR. SCROGGINS: Mm-hmm.

GOVERNOR O'MALLEY: Okay. Any other questions? The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: And the ayes have it. We now move on to the Department of Natural Resources Real Property.

MS. WILSON: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Emily Wilson with the Maryland Department of

Natural Resources. We have seven items on our Agenda today. Item 7A, we actually have a few people here from Harford County. We have Arden McClune, who is the Director of Harford County Parks and Recreation; and Paul Magness, who is Chief of Capital Planning and Development; and we also have the Mayor of Aberdeen, Mike Bennett, who I think would like to maybe come up and say a few words.

GOVERNOR O'MALLEY: Great, come on down. I apologize. Mr. Mayor, if I had known you were here we probably would have taken your matter first. I apologize.

MS. MCCLUNE: Good morning.

GOVERNOR O'MALLEY: Hi.

MS. MCCLUNE: I'm Arden McClune, Director of Parks and Recreation for Harford County, and we're here in support of the acquisition of a 21-acre parcel which will benefit the recreation programs in the City of Aberdeen. Aberdeen's Board of Parks and Recreation of course serves not only the City but the folks who live in the surrounding area, and this will be a parcel that will be developed for active recreation fields. At this time we would think that is probably the soccer and lacrosse type fields, which we always have need of more of. We

have lots of active programs in the area. And we're looking forward to working with the City in support of this acquisition.

GOVERNOR O'MALLEY: Mr. Mayor, what would you like to tell us?

MR. BENNETT: The same thing.

(Laughter.)

GOVERNOR O'MALLEY: Okay. That's why I love mayors.

MR. BENNETT: Yeah, you know I'm short on words. This is a park in our eastern part of the City towards Havre de Grace that we don't have any kind of these facilities there, would be very beneficial to our citizens for the City. So we urge you to let us do this. Thank you.

GOVERNOR O'MALLEY: Thank you. Anyone else want to be heard on this? No? All good? Any other questions? Mr. Comptroller? Madam Treasurer, questions?

TREASURER KOPP: No.

COMPTROLLER FRANCHOT: So the Mayor is for it?

MR. BENNETT: The Mayor is for it.

COMPTROLLER FRANCHOT: Good.

MR. BENNETT: My whole council is for it, so --

COMPTROLLER FRANCHOT: Okay, good.

MR. BENNETT: -- yes, absolutely.

GOVERNOR O'MALLEY: All right. The Treasurer moves approval, seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. Thanks, Mayor. Good seeing you. I apologize for the wait.

MS. WILSON: Thank you.

GOVERNOR O'MALLEY: Okay.

SECRETARY MCDONALD: Budget and Management, Secretary Foster.

GOVERNOR O'MALLEY: That by the way, just for the record, was the vote on the entire Real Property, even though we only heard about one of the items. We love them all and approve them unanimously. Okay. Department of Budget and Management?

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are 11 items on the Department of Budget and Management's Agenda for today and I'll be happy to answer any questions you may have.

GOVERNOR O'MALLEY: Any questions? The Comptroller moves --

COMPTROLLER FRANCHOT: Oh no --

GOVERNOR O'MALLEY: -- I'm sorry, the Comptroller has a question.

COMPTROLLER FRANCHOT: I am struck, Governor, by the number of single bid awards on the DBM Agenda. Apparently of the 15 items we are being asked to approve, with an aggregate dollar of \$7.4 million for the five that I'm concerned about, they only received one bid. When this was first pointed out to me by my staff I figured these must be contracts in highly specialized niche industries. But where there just aren't a large number of vendors. But it doesn't appear that's the case. We're talking about moving trucks to haul voting machines between the precincts and the warehouses; billing services that are capable of processing several thousand utility invoices each month; clinical lab services over at Spring Grove Hospital; and mental and behavioral health assessments for youth who are in the Department of Juvenile Services system.

I certainly wouldn't suggest that these are easy services. But obviously everything is complicated these days. But I find it difficult to believe the services are so unique and the technical demand so exacting and onerous that in each of these cases only one company is capable of stepping up and

performing the work. I guess I'd like to ask in the cases of those five that I mentioned, how many of them are currently the incumbent vendors?

MS. FOSTER: Okay --

COMPTROLLER FRANCHOT: That's --

MS. FOSTER: Well certainly for each of those we can bring up the agency that is involved. Let me just point out, we do know that that is an issue of concern to the Board.

COMPTROLLER FRANCHOT: Mm-hmm.

MS. FOSTER: There are five on this Agenda where only one offer was received. One of the things that we have done is we go back and we certainly send requests for additional information to everyone who attended a pre-proposal conference to ask them why they did not submit a bid. And so for each of these items, Mr. Comptroller, you will find that we have included the results of the surveys that we conducted which says, you know, why didn't you bid? And you know, for example, for the first item we've got an explanation on page 32, for the second on page 35, for Item 4 on page 47, for Item 5 on page 45, and for Item 6 on page 47.

But basically, you know, the vendors who have gotten back to us, one firm just said they were not able to meet the

timeline and the requirements that were outlined in the RFP. One firm has indicated that they are a subcontractor. One firm just reported they weren't interested in being a prime. So there are a variety of reasons. And what I will do is, basically, ask each of those vendors to come up. But my understanding is that three of the five are incumbents. So if you want to hear from each of them we can start with Item 1. Kim Meiklejohn is here. And Item 1 is basically a contract to provide logistical and transportation services for the Maryland voting equipment that is located in 24 of the jurisdictions. If you would speak to why you have only one bid?

COMPTROLLER FRANCHOT: Yeah, I'm going to vote for these, don't get me wrong.

MS. MEIKLEJOHN: Right.

COMPTROLLER FRANCHOT: I'm just interested in how we can reform the process so there is more competition.

MS. MEIKLEJOHN: Absolutely, I agree. In this particular case, though, it was put out obviously with our MBE participation, and so forth. We had to stay within that. Also this particular company was under a subcontractor of a prior company that had a contract with the State Board of Election in the prior years. It is a complicated, it doesn't seem like it

would be to move election equipment, but it is. It's through 1,800 different precincts throughout the State of Maryland. And these particular items have to be secured, and from location to location. So it isn't as simple as it seems on the surface. It is quite complicated, it takes several people, time limits and so forth, and security. And so it is somewhat, only a certain amount of companies could provide that level of service.

COMPTROLLER FRANCHOT: Okay. Thank you.

MS. MEIKLEJOHN: Any other questions?

COMPTROLLER FRANCHOT: No. Is there anyone from Item 2-S?

MR. COLLINS: Al Collins. This is DGS' item, may I, Madam Secretary?

MS. FOSTER: Absolutely.

MR. COLLINS: Thank you, Mr. Comptroller, for raising that issue. We were very proud to present this particular contract to the Board today. In fact, Governor, I will refresh your memory on this. This is the, in fact, an honor to Hatim Jabaji. This is the comprehensive energy tracking system that we have in the State, and without question probably the number one in the country. And we, this was a subject, and my Energy Director is here if you need more technical information, where

we went out and we talked to another of companies, and sort of put out the requirements. And in the final analysis the incumbent was the only one that was able to provide the kind of services that this process needs. So that's why --

GOVERNOR O'MALLEY: What item number is this? I'm sorry --

MR. COLLINS: Item 2-S, Governor.

MS. FOSTER: The online --

MR. COLLINS: The comprehensive utility management services.

GOVERNOR O'MALLEY: Well this is for all of our State buildings?

MR. COLLINS: Yes, sir. This is the one that you regularly track.

GOVERNOR O'MALLEY: BITH?

MR. COLLINS: BITHGROUP.

GOVERNOR O'MALLEY: BITHGROUP.

MR. COLLINS: He is here today.

COMPTROLLER FRANCHOT: Mm-hmm.

GOVERNOR O'MALLEY: Okay, excellent. Good to see you.

COMPTROLLER FRANCHOT: And --

GOVERNOR O'MALLEY: Great Maryland company.

MR. COLLINS: We're proud to present this one to you.

It's a great --

GOVERNOR O'MALLEY: Have you guys been able to sell this to other states yet?

MR. WALLACE: Yes, sir.

GOVERNOR O'MALLEY: Can you come up and tell us about it? This is pretty innovative. This is great. Local IT innovation on sustainability and energy conservation.

MR. WALLACE: Well as the Secretary said, the State of Maryland has been a leader in the space of energy management information systems. And since we have been involved with this contract we have expanded our services into different industry verticals. Washington, D.C. has become a client, a number of universities, banking systems, Suntrust Bank. So we have really expanded a lot of services since the State has hired us to work in their space. And we are glad to be able to provide that service to you.

TREASURER KOPP: So what do you do?

MR. WALLACE: We provide energy management information systems. Any entity that is looking to manage their energy dynamics, the first starting point is to build an energy management information system. So we can track energy

consumption down to the meter, which is a very intricate and detailed process.

TREASURER KOPP: So you can tell us, for instance, what happened when we switched to the new light system where the lights go off automatically?

MR. COLLINS: Yes. Madam Treasurer, let me bring up Lauren Buckler who is our Director of Comprehensive Energy Management for DGS. Lauren, why don't you tell the Treasurer?

MS. BUCKLER: We can track down to the meter. So we can see the difference in the lights. For example, in Annapolis right now we are in the process of replacing some of the common area lighting with LED lighting. Annapolis is on a central meter. But we have calculated we will see a 1.5 percent energy reduction. So once all that has taken place we are halfway through the transitioning, we will be able to see that on the meter in the Annapolis in the energy database that is run by Bith.

GOVERNOR O'MALLEY: That is from the automatic on/off, the sensors?

MS. BUCKLER: That's the LED lights that are going in

--

GOVERNOR O'MALLEY: That's the LED lights. You asked about the sensors.

TREASURER KOPP: The sensors --

MS. BUCKLER: We can see that if there is a building with enough of them, if we have a specific case.

TREASURER KOPP: Right.

MS. BUCKLER: Yes, we can track the energy reduction attributed.

MR. COLLINS: Lauren, why don't you speak about the number of accounts that Bob monitors in this process?

MS. BUCKLER: Bob is managing 30,000 accounts?

MR. WALLACE: Yes, at least.

TREASURER KOPP: 30,000?

MS. BUCKLER: Roughly 30,000 accounts for the State of Maryland.

MR. WALLACE: Yes, ma'am.

MS. BUCKLER: State Highway alone has over 8,000 accounts. It's every utility that we have. We are, from what we can tell, number one in the country. We have done a lot of research with what other states have. We track every type of energy and we track everything the State owns, down to every traffic light. Other states will only track either a certain

number of agencies, or a certain type of thing, or a certain number of utilities, but not everything like we track.

GOVERNOR O'MALLEY: When we were trying to get our arms around this issue of how we achieve a 15 percent energy reduction Statewide, we of course looked at our own house. And we found that the bills were going all over, everywhere. I mean, there was a flurry of BGE, Pepco bills that landed on so many different desks all over the State. We had no common platform for being able to determine what even our baseline was before we could even measure whether the things we were doing with the sensors, the LED lights, or the other, or the ESCOs, and those things were achieving the results. So the BITHGROUP put together, had to build from scratch --

MR. WALLACE: Yes.

GOVERNOR O'MALLEY: -- this common platform. It has a dashboard type of application for executive view on it. It's really actually very cool. I wish we had used this as an opportunity to kind of show and tell on this. Because now we can see, by the way, I quibble with that LED reduction. I think it's more than a 1.5 percent. How could it not be more than 1.5 percent? You must be doing --

MS. BUCKLER: We're only doing, we received some federal grant money from MEA that we used to do this.

GOVERNOR O'MALLEY: Uh-huh.

MS. BUCKLER: So we're doing some common areas.

GOVERNOR O'MALLEY: Ah.

MS. BUCKLER: We did the StateStat Room.

MR. COLLINS: Right.

MS. BUCKLER: We did the lobby in the House of Delegates. So it's just a few areas --

GOVERNOR O'MALLEY: That's incremental.

MS. BUCKLER: -- common areas with some funding --

GOVERNOR O'MALLEY: Boo. Boo.

(Laughter.)

MS. BUCKLER: As we receive more funding we will be sure that we put it in that direction.

GOVERNOR O'MALLEY: Oh, come on. LED, it's arrived. The time is now. The cost has come way down. I was meeting with Secretary Muniz, the new Energy Secretary. I mean, this is one of the six technologies he acknowledges can get you big time savings right now. So come on, we can certainly do better than common areas. No wonder it is 1.5 percent. You've only replaced 1.5 percent of the damn lights --

(Laughter.)

MR. COLLINS: You are correct, Governor.

MS. BUCKLER: We are moving in that direction. So we will take that --

GOVERNOR O'MALLEY: Moving?

MS. BUCKLER: Yes.

(Laughter.)

TREASURER KOPP: Is this on StateStat?

MR. COLLINS: Yes, ma'am.

TREASURER KOPP: -- how it progresses?

GOVERNOR O'MALLEY: Yeah, I read this in the memo the other day for the StateStat meeting, in fact. And I said 1.5 percent? Give me a break. And now I know why it's 1.5 percent. So come on.

MR. COLLINS: All right, Governor --

MS. BUCKLER: We will --

GOVERNOR O'MALLEY: The planet is about to burn up.

MS. BUCKLER: Okay.

(Laughter.)

MS. BUCKLER: We will push harder and we will get more LEDs.

GOVERNOR O'MALLEY: I'm serious.

MR. COLLINS: We hear you, Governor. We hear you.

GOVERNOR O'MALLEY: Okay. Yeah. And it is a matter of more money? Put a price tag on it. How quickly can you pay us back? I bet fairly quickly --

MS. BUCKLER: Fairly quickly.

GOVERNOR O'MALLEY: -- if you swap them all out. Call whoever.

(Laughter.)

GOVERNOR O'MALLEY: GE, Philips, whoever does the LED stuff. Ask them what can they do me for, you know? See what they'll do.

MR. COLLINS: We've got you.

GOVERNOR O'MALLEY: I'm sorry, Mr. Comptroller, I get worked up on this.

COMPTROLLER FRANCHOT: Yeah, no, that's fabulous. And the payback is quick?

MS. BUCKLER: Yes.

MR. COLLINS: Yes.

COMPTROLLER FRANCHOT: Could I just ask who did the review of the, after the bid you looked at someone saying that you had gone, and I guess the Secretary said that you had interviewed people that didn't bid?

MS. BUCKLER: We did.

COMPTROLLER FRANCHOT: What were the reasons?

MS. BUCKLER: We did have several other companies attend the pre-bid. We went back to those companies and requested why they didn't come in and bid. One of those companies did come in as a subcontractor to Bith. One of those companies, I believe, wasn't interested in being prime. One of the companies the time period wasn't good for them and they realized there was other solicitations they had a better chance at than going after this one, so they decided not to pursue this one.

COMPTROLLER FRANCHOT: Mm-hmm. Okay. I, once again, concur with the Governor. I think it's a great idea and a great company. I'm just, when you compete in other states, are there companies that compete with you, or against you? Or are you all by yourself in this space?

MR. WALLACE: Well we, it's both ways. Sometimes we go in and we happen to provide the best solution. And in other cases there are competitors. They tend to be the larger energy companies. But we do very well against the larger energy companies as well.

COMPTROLLER FRANCHOT: Okay. But you have competition, right, in other states?

MR. WALLACE: Yes, sir.

COMPTROLLER FRANCHOT: And I'm not complaining about you winning our contract. I'm just suggesting that there are other entities out there that can, unless there is some procurement items in here that are too restrictive, and maybe Madam Secretary we could ask the Procurement Advisory Council to take a fresh look at the issue of single bid awards. My agency has them from time to time. I'm not, you know, on a campaign against these. I just want to make sure that the processes we have allow agencies to create the greatest competition possible. And I'm not sure if that's appropriate to ask the Budget Secretary, or whoever is in charge, I guess you are in charge?

SECRETARY MCDONALD: I chair the Procurement Advisory Council and we will definitely take that up at our meeting that is scheduled for November.

COMPTROLLER FRANCHOT: So just to take a fresh look at single bid awards and whether the contract RFPs are restricting folks from bidding, and you know, making it too easy for the incumbents. For the record, I'd like to run without an opponent next time, if that's possible, but probably not.

(Laughter.)

COMPTROLLER FRANCHOT: But you know what I'm driving at here. Competition is, well it protects us all.

MS. FOSTER: We agree, competition is good and gets us the best value for the State. As I said earlier, or three out of the five of these basically ended up with no incumbents. So.

COMPTROLLER FRANCHOT: Okay, thank you.

GOVERNOR O'MALLEY: Maybe we need an update on where we are in reforming and retooling our procurement process? Ms. Watson, how come you are not looking at me?

(Laughter.)

MS. WATSON: I am one of many who is trying to --

GOVERNOR O'MALLEY: Wait a minute, you are off microphone, nobody can hear you. And all the people watching at home are so confused.

(Laughter.)

GOVERNOR O'MALLEY: So we'll get an update on procurement, maybe, sometime? Whenever it is timely. You think in the next month or so you might be at a point where you can tell us what is going on and where we are -- okay. Good.

MS. WATSON: -- after the Board today for a meeting on one aspect of the --

GOVERNOR O'MALLEY: The stenographer is very confused now, Peggy, you've got to stop --

(Laughter.)

GOVERNOR O'MALLEY: All right. Thank you. Our procurement process is in desperate need of modernization. It's amazing that anything innovative happens with our procurement process. So, but I'm sure there's a lot of dedicated people that want to make it work better. Anything else on, where were we?

COMPTROLLER FRANCHOT: DBM, I move approval.

GOVERNOR O'MALLEY: The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. University System of Maryland?

MR. STIRLING: Good morning Governor, Madam Treasurer, Mr. Comptroller. Jim Stirling from the University System. We have seven items on today's Agenda and would be happy to address any questions you have.

GOVERNOR O'MALLEY: University System of Maryland, anybody have any questions?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR O'MALLEY: The Comptroller --

TREASURER KOPP: I do have a question.

GOVERNOR O'MALLEY: Treasurer?

TREASURER KOPP: I, I think this seems fine. I'm sorry, it's Item 6, UMBC item. With which I have no real issue, except that a point is made that you don't have to go to the Board of Regents and therefore are not going to the Board of Regents. And I just don't understand why one would not choose to do that?

MR. STIRLING: I'd like Terry Cook to address that for UMBC.

TREASURER KOPP: The governing board of the campus.

MS. COOK: Yes, that was based on the advice of the Attorney General's Office. They indicated --

TREASURER KOPP: That you needn't do it?

MS. COOK: That we did not, yeah.

TREASURER KOPP: But I'm trying to understanding why you wouldn't want, I mean, this sounds like a very good move. Why would you not want --

MS. COOK: Right.

TREASURER KOPP: -- the Board of Regents at least notified?

MS. COOK: Well we did speak to the USM staff so they are aware of it. But we did not specifically go to the Board of Regents when the AG's Office indicated the Board of Public Works was the only approval that was applicable. But we certainly can report it to the Board of Regents.

TREASURER KOPP: I just think it would be, it sounds like a very good thing.

MS. COOK: Mm-hmm.

TREASURER KOPP: It's a successful program. There is a good rationale for doing this.

MS. COOK: Mm-hmm.

TREASURER KOPP: But they are the governing board, responsible for the campus.

MS. COOK: Mm-hmm.

TREASURER KOPP: It just seems to me appropriate to have them on the check off list.

MS. COOK: Okay. Well we can certainly --

TREASURER KOPP: So can you --

MS. COOK: -- pursue that. Yes, we certainly will pursue that.

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: Could I just ask while you are up here --

MS. COOK: Yes?

COMPTROLLER FRANCHOT: -- does the University System still allow its professors and administrators to take a day off a week and consult for private sector?

MS. COOK: I can't say that I'm familiar with that to be able to respond to that question. Jim --

MR. STIRLING: I can't really speak to that but I can go back and --

COMPTROLLER FRANCHOT: It used to be the policy and it was a great policy because it allowed the academics to get real world experience, plus extra money. Plus it fed into all of this development of new technologies, etcetera.

MS. COOK: Mm-hmm. Certainly. Well we can check into that and get back to you.

COMPTROLLER FRANCHOT: Can someone get back to me as to whether --

MR. STIRLING: Sure.

MS. COOK: Okay.

COMPTROLLER FRANCHOT: -- that's permitted still?

Thank you.

GOVERNOR O'MALLEY: Anything else? The Treasurer moves approval of University System of Maryland items, seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

MR. STIRLING: Thank you.

GOVERNOR O'MALLEY: Thanks so much.

SECRETARY MCDONALD: Secretary

Smith, Transportation Department?

GOVERNOR O'MALLEY: Department of Transportation?

MR. SMITH: Okay, Jim Smith, Secretary, representing MDOT. Good morning Governor, Treasurer, and Comptroller. MDOT is presenting 19 items as Item 12 is being withdrawn. I'm happy to answer any questions.

GOVERNOR O'MALLEY: Any questions?

COMPTROLLER FRANCHOT: None for me.

GOVERNOR O'MALLEY: The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. And now Department of General Services.

MR. COLLINS: Good morning again, Governor, Madam Treasurer, Mr. Comptroller. Al Collins, Secretary of the Department of General Services. We have 24 items on our Agenda today. We'll be glad to answer any questions you have on any of these items.

TREASURER KOPP: Governor, I've been waiting for this moment to arrive to recognize former Delegate Hank Heller who is with us today on an item, I think it actually is the last item on the Department of General Services. He indicated that he was here to show his full support for the item, and I am here to show my full support for Mr. Heller who was a colleague of both the Comptroller and mine from the Montgomery County delegation for a number of years. A great leader in the Legislature

particularly in the area of education. And it's just a pleasure, Hank, to have you here.

GOVERNOR O'MALLEY: What item was that?

SECRETARY MCDONALD: Item 24-CGL.

MR. COLLINS: It's Cornerstone Montgomery, Inc., our acquisition of our property for, up in Bethesda, Symphony Park Drive.

COMPTROLLER FRANCHOT: What is the, Governor if I could?

GOVERNOR O'MALLEY: Sure.

COMPTROLLER FRANCHOT: Delegate Heller, why don't you come up and say something? Or you can say it from there, if you want. I'd love to hear your voice.

MR. HELLER: Actually I'm here with three people from Cornerstone. Our Chief Executive Officer Cari Cho; our Chief Financial Officer, and our Board President and businessman. Cornerstone has emerged in the last year or two as a large mental health organization. You all did an incredible job with gun control and you also did an amazing job with the mental health component and that's why we're here today. With money in your budget to have us, to give us the ability to buy, purchase homes for our clients that can live with support in the

community or a community-based nonprofit. And that's what this is about. This is the first of ten houses or dwellings that we will purchase with people who transition back to work and into the community. And we thank you all for that.

GOVERNOR O'MALLEY: Delegate, thank you. And also, thank you for your service here. It was a great honor to serve with you, my friend.

MR. HELLER: We ran into a little wrinkle this first time. We had a developer who said, "You have to settle in 30 days." And I panicked, and I called my friend at the Comptroller's Office and the Treasurer's Office, and they responded beautifully. And Susanne Brogan, who trained me when I came here --

(Laughter.)

MR. HELLER: -- you know, is still helping me out. And Peter and Nancy have been great friends for all these years.

COMPTROLLER FRANCHOT: Could I just, thank you, Delegate Heller. If I could just make a suggestion to Cornerstone? When we come out and look at these new facilities, I hope there could be a plaque thanking Delegate Heller for his career and the emphasis he has placed on these issues.

MS. CHO: Thank you, that's a wonderful idea --

COMPTROLLER FRANCHOT: Because it's very well deserved. It also could produce more money.

TREASURER KOPP: Heller House.

(Laughter.)

MR. HELLER: This is one of those meaningful things in my life, working with this Board and helping the merger. And I will continue to work with it because it makes a difference in people being able to get up, go to work, go to help themselves, take their medication, and live in the community.

COMPTROLLER FRANCHOT: Excellent. Move approval.

TREASURER KOPP: Second.

GOVERNOR O'MALLEY: Okay. The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. And that concludes our Board of Public Works Agenda. Thank you.

(Whereupon, at 11:22 a.m., the meeting was concluded.)