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PRESENT

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Treasurer

HONORABLE PETER FRANCHOT

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PROCEEDINGS

GOVERNOR O'MALLEY: Today is April 2, 2014. My 11-year-old is very disappointed that April Fools' Day only lasts for a single day. He tried to extend it today by falling down the big stairs in front of me. I've got a little present here as I land, and this is from Dr. Langley I presume. "To Endure To World's End: Exploring Maryland's Indian Landscapes," very cool. She left us a couple of books. Did she leave one for you? I've got two.

SHEILA MCDONALD: There is a note for reading in there...

GOVERNOR O'MALLEY: There is a note? Alright...

TREASURER KOPP: Yes, the good news.

GOVERNOR O'MALLEY: Well anyway, I will read this as I defer to the Comptroller for any Opening Day of baseball comments.

COMPTROLLER FRANCHOT: Thank you, Governor, Madam Treasurer. Happy Spring to everyone who is here. And you are right, Governor, both of us had a fantastic day. Monday it was Opening Day at Camden Yards and what a first game that was for the O's. I don't know whether you all watched it but we beat the mighty Red Sox two to one. And I love being there on Opening Day at Camden Yards. Frankly there is something electric about the atmosphere in the ballpark and hope springs eternal for every fan of our team. And trust me, the Oriole magic has started and is in full bloom.

But for me it was actually an extra special Opening Day since it was my wonderful wife Annie's birthday. And Governor, you and I from time to time disagree on issues but we are both in obvious strong agreement that we both married up big time.

GOVERNOR O'MALLEY: That's right.

COMPTROLLER FRANCHOT: And so it was a pleasure to spend some time with Annie on her birthday, enjoying a beautiful day at the ballpark. And the O's two one win made it just that much sweeter. I know there are some folks, they don't publicize themselves that much up in the Baltimore area but I know there are folks going to the Nats home opener this Friday in D.C. You may recall that two years ago I predicted a Beltway World Series and everyone thought that I was crazy till both the Nats and the O's made the playoffs. Last year was a bit disappointing for both the teams but I'm confident I was just a couple of years premature with my prediction. So here's to a Beltway Series this October.

And speaking of great area teams, as excited as I am about the baseball squads our best local team does not compete on a ball field. They compete with their intelligence. This past week Towson University's Debate Team, comprised of Baltimore natives Ameena Ruffin and Korey Johnson won the Cross Examination Debate Association National Championship, dubbed the Super Bowl of national debate competitions. Besting 170 other teams, like

Harvard, like Harvard, they made history as the first pair of African American women to take home the prestigious tournament's top honors. But besides making history and making the Towson community, the City of Baltimore, and the State of Maryland proud, my favorite part is that they won through optimism if you read the articles about what permeated their debate presentation, arguing that the serious challenges we face can be overcome not by focusing on the negative as their opponents did, but by imagining and working towards a better future.

So with emerging young leaders like them I am optimistic about Maryland's future, but particularly want to praise that debate team at Towson because it's pretty special.

GOVERNOR O'MALLEY: Thank you, Mr. Comptroller.
Madam Treasurer?

TREASURER KOPP: Good morning. Good to be here. Good to be here. Looking forward to a great Spring, probably lasting six at least, or maybe seven days, before we get into summer. I would simply point out yes, the Nats home game is not until Friday but they did pretty well on their Opening Day as well. And this may be the year when we have got a corridor game.

COMPTROLLER FRANCHOT: Thank you. We have two votes.

(Laughter.)

GOVERNOR O'MALLEY: Third.

(Laughter.)

GOVERNOR O'MALLEY: Well -- go ahead?

TREASURER KOPP: Did you see the note from Dr. Langley?

GOVERNOR O'MALLEY: I did. Dr. Langley's note tells me that the bees that she had thought had perished in the hive behind Government House are in fact alive.

TREASURER KOPP: And not only that, but I met her in the hall and she said this was happening all over. I mean, not just our, that the bees are returning to the hives. And I don't know exactly what it means but it's very good news.

GOVERNOR O'MALLEY: Without the bees, there are no plants. Without the plants, there are no people.

TREASURER KOPP: Without the people, everything is quiet.

GOVERNOR O'MALLEY: Speaking of people, speaking of people, Monday marked the end of the six-month period of open enrollment, the first period of open enrollment for the Affordable Care Act. It was six months that was marked every morning by dire predictions that we would never, ever reach our goal because of our glitchy website whose launch initially failed. The news, unreported unless you really scour and sift through all of the ink in the morning papers today, is that we actually exceeded our goal. Our goal was to enroll 260,000 people, we enrolled 295,000 people. And I want to publicly thank

all of those who hung in there. Not only the IT technicians who had to go back and patch things together, but Chuck Milligan, all of your good people at DHMH, and Medicaid, and remember all those days we thought we might never get an enrollment from Point C to Point Medicaid? Well, all of that happened. And probably more people were enrolled in healthcare over the last six months than in any other six-month period in Maryland history probably since the whatever inception of Medicare or Medicaid.

So it was hard. It was hard every day. But all of the navigators persevered; the folks at the call center who had to take all the frustrated, scared, and angry calls, the Legislature passing that bill so that the nine people who were not able to sign up in the initial thing could actually still get covered; the private providers. And now with the states acting as laboratories of democracy we now know which platforms were proven to work and which worked best. And yesterday the State Healthcare Exchange Board voted to adopt and swap out our website for one that was proven to work, namely the one in Connecticut. And, so by the end of this next, or by the beginning of this next enrollment period expect things to go a lot more smoothly. And my guess is you are going to see more and more states over time moving to the exchanges.

Any leadership carries with it the risk, right? You make yourself vulnerable by being a leader, by being one of the first to try something new. But at the end of the day, there are 295,000 people who have health coverage that

didn't have it before all of this pain. And if that is the end result, I guess the struggle is most absolutely worth it.

So let's start with the Secretary's Agenda.

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. There are 12 items on the Secretary's Agenda, one report of an emergency procurement. We are withdrawing Item 8.

GOVERNOR O'MALLEY: Any questions on the Secretary's Agenda? No? 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. We move on now to the Department of Natural Resources.

MS. WILSON: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Emily Wilson with Maryland Department of Natural Resources. We have eight items on our Agenda today. Item 4A in particular is a nearly 200-acre acquisition smack dab in the middle of a targeted ecological area in Charles County. It scores a 110. We acquired it at a 16 percent discount. And this was a partnership primarily with the Conservation Fund and secondarily with the Navy through their Readiness and Environmental Protection Program. So we are

excited about that. And if I may say, we could not do these good deeds without the funding that has been provided in the budget. So we are all very grateful for that, our partners as well. And as the Legislature moves through the last few days we are working very hard to try to ensure that our land, the State's land conservation budget remains whole. So thank you.

GOVERNOR O'MALLEY: We're fighting. Good. Thank you for your good work. And tell me again where that piece of property was?

MS. WILSON: This is down in Charles County.

GOVERNOR O'MALLEY: Mm-hmm.

MS. WILSON: Actually it's just a little bit northeast of Mallow's Bay.

GOVERNOR O'MALLEY: Mallow's Bay?

MS. WILSON: Right.

GOVERNOR O'MALLEY: I'm glad you brought up Mallow's Bay because the Treasurer was just telling me you should talk about Mallow's Bay. Mallow's Bay is a very, Dr. Langley brought to our attention it is where a ghost fleet of some 100 wooden vessels that were constructed to win the First World War all found their final resting place at the bottom of Mallow's Bay. So it's a bizarre, quirky little part of American maritime history. And Mallow's Bay is where?

MS. WILSON: It is just to the southeast. If you are looking on the viewshed map that is up there now?

GOVERNOR O'MALLEY: Mm-hmm.

MS. WILSON: It's, do you -- yeah.

TREASURER KOPP: Largest collection of sunken vessels in the Western Hemisphere, according to Dr. Langley.

GOVERNOR O'MALLEY: So Mallow's Bay -- where was it?

(Laughter.)

MR. LARGE: -- just there.

GOVERNOR O'MALLEY: Just there?

MS. WILSON: Right.

GOVERNOR O'MALLEY: Just there. All right. Well eventually it will come up on my, so it's just south of the TTM Maryland Corporation --

MS. WILSON: Just, correct, just, right. Just southeast, or southwest, excuse me. You know, right on the Potomac there.

GOVERNOR O'MALLEY: Okay.

MS. WILSON: I understand too that there is a move afoot to designate this a National Marine Sanctuary, which is kind of interesting.

GOVERNOR O'MALLEY: Hm.

MS. WILSON: It is a really, it's a neat area.

GOVERNOR O'MALLEY: I've got to get down there.

MS. WILSON: But Dr. Langley is involved in that effort.

TREASURER KOPP: Who does that?

GOVERNOR O'MALLEY: Yes, she gave me the little --

MS. WILSON: It's a consortium that includes Dr. Langley, I think the Chesapeake Conservancy is also involved. You know, we are sort of peripherally involved. We have a couple of State Parks near that area.

GOVERNOR O'MALLEY: What's that creek that goes back in there?

MS. WILSON: It looks like it's unnamed. It's an unnamed tributary to the Potomac.

GOVERNOR O'MALLEY: Mm-hmm. Public access there? It looks like it.

MS. WILSON: To that creek?

GOVERNOR O'MALLEY: Yes.

MS. WILSON: Well part of it would run through this acquisition that we have before you today.

GOVERNOR O'MALLEY: Mm-hmm.

MS. WILSON: And this would obviously be open to the public, yes.

GOVERNOR O'MALLEY: All right. So 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.

MS. WILSON: Thank you.

GOVERNOR O'MALLEY: We move now to the Department of Budget and Management.

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

GOVERNOR O'MALLEY: Questions? Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 2, please, Madam Secretary?

MS. FOSTER: Okay. Item 2 is a request for payment of a settlement in the case of *Pavlovic v. University of Maryland Baltimore County*. And we have Mr. Erik Delfosse, who is the Assistant Attorney General at the University.

MR. DELFOSSE: Good morning.

COMPTROLLER FRANCHOT: Welcome. So thank you, Madam Secretary. According to my background materials this lawsuit is based

upon a complaint of discrimination and retaliation by a specific member of the UMBC faculty, specifically one Dr. Christopher Geddes, am I pronouncing that right?

MR. DELFOSSE: Yes.

COMPTROLLER FRANCHOT: Who currently serves as the Director of the Institute of Fluorescence at UMBC. We are being asked to authorize two payments of \$30,000 apiece in order to settle a lawsuit against him and UMBC. The plaintiffs apparently allege, according to you guys at the AG's Office, "Dr. Geddes abused his position of authority by using immigration status as leverage to force students and employees to perform menial labor, work long hours, perform tasks outside the scope of their employment, and/or education program." The letter from you then goes on to cite allegations that Dr. Geddes treated them differently than, "white, male U.S. citizens," and that when these individuals attempted to express their concerns to the appropriate authorities he retaliated against one by terminating her employment and declining to renew her visa. The other student was dismissed from the Ph.D. program.

So we're dealing with a lawsuit that alleges that a prominent faculty member at a public taxpayer funded institution is a vindictive, at a minimum, let me just say racially and gender insensitive, I guess might be the way to describe this individual who abuses his authority over students? A lawsuit that you have approached as credible by the plaintiffs, you state there is a strong

possibility of a significant judgment against the State that may substantially exceed the amount of that settlement. And you then go on to say that one of the plaintiffs has a tape of Dr. Geddes indicating her actions and going over his head to complain to University officials could have repercussions on her success in the Ph.D. program. It goes on to acknowledge that as the primary witness and as the face of the University in this matter, Dr. Geddes will make a poor witness because, “he comes across as arrogant,” and that the plaintiffs will also benefit from the substance of his own testimony. So why is this man still on the University’s payroll?

MR. DELFOSSE: Well because the investigation conducted by UMBC, while you have accurately restated my letter and the plaintiffs’ allegations, indicated from the investigation that there was no discriminatory action by him. This lab in fact employs and has as students members from a variety of nations across the globe. It has members that are African American, from the Indian Subcontinent, from China, from Southwest Europe, and male, female, African American, across the board. He has in no way demonstrated any discriminatory action. That is what was alleged. There is simply nothing found in the investigations to display that, or to support those allegations. We are very clear on that.

Part of what our, what the University did discover, what the primary actor in this case was not necessarily Dr. Geddes. And while Dr.

Geddes' actions did not rise to the level of the standards of best practices of what UMBC would like to see from their managers, the actions that were actually, sort of the person who was the instigator in all of this has, is no longer with the University. And the negotiations that resulted from that were part of a personnel issue. In terms of Dr. Geddes himself there has been substantial remedial measures taken to ensure that these types of exposures and these types of standards do not happen again. The business manager in fact in the lab has been replaced and is no longer, the one that was there previously, who was his spouse, is no longer there, and that person has been replaced with a new person to oversee the business management aspects of the lab.

COMPTROLLER FRANCHOT: So if there was no discrimination, why are we settling?

MR. DELFOSSE: For all sorts, again, we are talking about some of the pending litigation issues. Some of these things are of concern. My analysis as to what sort of things might lead to the, the strength of the opponents' case as opposed to the strengths of our own case I am happy to discuss as pending litigation and part of them are personnel matters. But the reason we are settling it is because, one, the costs involved in this case just simply presenting it to the motion for summary judgment in terms of expenditures out of pocket and time expended by the University professors to appear for depositions, to be present in the, at trial. And it would go, because this is a situation where we have a Ph.

Doctoral. student, who by the way is now currently at a Ph.D. program in Arizona and received a Master's degree from UMBC, as part of this, as part of the dismissal that was negotiated, the fact that we have, that quite frankly, as I stated, we have a witness who is while we do not believe particularly has done nothing necessarily wrong, is not someone who is going to be particularly sympathetic. And what we have is a situation where you have a person who no one is going to like and say that was the worst boss, I have had a bad boss, that is that person. And whether or not they acted illegally is not going to come into the picture.

COMPTROLLER FRANCHOT: Well what kind of track record if any does he have of prior professional misconduct, whether that would be acts of litigation, complaints from students, or professional colleagues, or even a pattern of highly unfavorable faculty evaluations?

MR. DELFOSSE: I am unaware of any faculty, first in reverse, I am unaware of any faculty, negative faculty evaluations. I think he has, as I understand it he has been very highly thought of within his department and in fact generates three, over \$3 million in grants for the University.

In terms of student complaints there has been one other, when the IoF lab transferred from UMBI to UMBC, which was also resolved. And again, it was a similar sort of situation in that Dr. Geddes was, failed to do proper management oversight. The University is now doing quarterly reviews of the lab.

They have a new business manager in place. Again, some of these other things in terms of the remedial measures go into personnel issues.

The University at this point, and Dr. David Gleason is here today, the University is very confident in a going forward situation that we are not going to have any problems. There has not been any other lawsuits filed against the University based on his actions. There have been some, there was at least one internal complaint that got resolved. But that is about it at this point as far as I am aware. There was one that was brought up during the course of this investigation, which is one of the reasons why they said we need to do, we need to resolve this in a way that going forward to make sure we don't have any liability. The one that was addressed as part of this investigation was sort of the catalyst for making sure we involve, that the subsequent remedial measures addressed all of these issues on a going forward basis.

COMPTROLLER FRANCHOT: You said there is someone from UMBC there?

MR. DELFOSSE: Dave Gleason, General Counsel.

COMPTROLLER FRANCHOT: Can you, because I, thank you for those answers. Stay up there if you want. But I guess what sanctions have been levied against Dr. Geddes?

SECRETARY MCDONALD: Could you identify yourself please for the record?

MR. GLEASON: I'm David Gleason, I'm the General Counsel at UMBC. I'm sorry, Mr. Franchot, the situation was part of a personnel resolution and under 10-508 of the Open Meetings Act we would ask that these things are not really open for a public forum at this point. In terms of the specific sanctions it was all part of the personnel resolution and is a personnel matter involving a University employee.

COMPTROLLER FRANCHOT: Are you under that able to say anything about what the University's posture? I mean, I know Dr. Hrabowski and I can't imagine him being anything other than appalled at this kind of, these kinds of allegations. And now the taxpayers are being asked to in effect I guess bail out Dr. Geddes and get him off the hook. And what, I mean, in our profession --

MR. GLEASON: -- I will explain --

COMPTROLLER FRANCHOT: Yes, please.

MR. GLEASON: -- our culture and our practice is not tolerant of the kind of behavior that was alleged. What was alleged and what was actually in place and happening are different. And we are confident that the main player in this is no longer there. Dr. Geddes has been the subject of a great deal of effort on our part to, one, resolve and really understand what happened in that laboratory. And two, to move forward with a number of measures that to him and to the people in the laboratory will be important remedial measures. I am happy to in a different setting describe that more fully to you.

With respect to as you put it the bail out, we have identified funding that will not be coming from the taxpayers of Maryland.

COMPTROLLER FRANCHOT: So, what, Dr. Geddes? Or Dr. Hrabowski, or somebody? What is the source of that?

MR. GLEASON: No, no. We have in terms of the funding pots there is of course the appropriated money that is the bulk of what we get and there is research money that comes in that is restricted and you can't spend it on things like this. But there are times when for instance a gift is made to the laboratory, or there is a fixed price contract which ends up being less money that what was contracted for. And that money goes into what we refer to as a revolving account. It is unrestricted funding that has not been given to us through the appropriations process and it can be spent for an unlimited number of reasons.

COMPTROLLER FRANCHOT: Okay, well that is commendable and I salute you for that. And give Dr. Hrabowski my kudos on coming up with that. Because the taxpayers paying \$60,000 is just not appropriate. But I continue to have concerns about this. And I am not exactly sure how I am going to vote because it sounds as if you do not need this now, this settlement. You do not need us to go ahead and resolve this issue, since it's not the taxpayers' money.

TREASURER KOPP: Why is it before us?

MR. GLEASON: It was our understanding that your permission was required to, in order to make this payment.

TREASURER KOPP: Regardless of the source of funding?

MR. DELFOSSE: We didn't realize that. This source of funding was just disclosed this morning. So I'm not sure whether --

SECRETARY MCDONALD: You would definitely have to look at the citation for the State Government Article, though. Because I'm not sure that the source of funding governs whether the Board approves it or not.

MR. DELFOSSE: Like I said, I just found out about this source of funding this morning.

SECRETARY MCDONALD: I mean, it could give comfort to the Board but I think that they still may have jurisdiction over it. But I don't have my State Government Article—

MR. DELFOSSE: Right. I do have a copy of the State Government Article --

TREASURER KOPP: We've got to approve a settlement.

MS. FOSTER: You have to approve anything over \$10,000.

SECRETARY MCDONALD: Yes -- State entering into a settlement --

TREASURER KOPP: Yes.

SECRETARY MCDONALD: -- talk to their General Counsel over there but --

MR. GLEASON: It is not a private source of money. It is still

UMBC's funding.

COMPTROLLER FRANCHOT: Okay. So it's your testimony, though, there was a business manager, not Dr. Geddes, who was somehow responsible for the retaliation and the allegations whether they are true or not?

MR. DELFOSSE: We would, yes. The University's investigation revealed essentially that the person, who was in fact Dr. Geddes' spouse, was also the business manager in the IoF lab and was creating -- I don't want to go too far and say she created. But she certainly did not do the best to ensure that kind practices towards all were used. If anything, she was the individual whom for most of the complaints came and that Dr. Geddes' biggest fault, if it were to be put that way, was a failure of oversight in making sure that certain policies were being enforced and failing to oversee the manager who was his spouse at that time.

TREASURER KOPP: What is the University doing, though? Just to follow what the Comptroller --

MR. DELFOSSE: The University --

TREASURER KOPP: -- the University doing to see, putting in a new business manager, and I assume that deals with personnel matters. But still the head of the lab --

MR. DELFOSSE: Well the University itself is doing a quarterly review of the office to make sure that its human relation policies are being followed, that the standards and policies are being followed. One of the other issues --

TREASURER KOPP: What was it doing before?

MR. DELFOSSE: The lab was under the management of Dr. Geddes, and that is normally how it would be done. And the University --

TREASURER KOPP: So it takes a suit?

MR. DELFOSSE: I'm sorry?

TREASURER KOPP: It is a result of this suit and settlement that the University is making sure its policies are followed regarding personnel management?

MR. GLEASON: Generally our faculty are very good at ensuring that, in fact, our policies and our procedures are followed. This is rare. And for that respect generally the faculty do a very good job at maintaining their laboratories in accordance with grant requirements --

TREASURER KOPP: How do you know?

MR. GLEASON: -- and UMBC requirements. Well one, that the complaint process is there. And two, we do, we have training with them. We educate them on what is required and in this particular case we also met with all of the staff and the students in that unit --

TREASURER KOPP: After the fact, essentially.

MR. GLEASON: -- after all this happened and talked with them about their rights and gave them the resources that they could reach out to in many different units of the University. We have outreach throughout the campus to students and employees to be able to report things that they don't feel is right. And we take those things very seriously and we do a review of each and every complaint that comes in.

TREASURER KOPP: But the allegation at least, which may not be so, is that at least one of these plaintiffs did appeal outside of the institute through appropriate channels, I assume to an academic department. And subsequent to that, I don't know what happened, she's not there anymore. The allegation, her allegation was --

MR. DELFOSSE: Right. There were legitimate, they are, neither one of them are with the University. Part of this was that they were both let go for, as the investigation revealed, legitimate reasons. One of the plaintiffs was, a Ph.D. doctoral student, was fully employed in a full-time job, still going through the doctoral, and running from the lab itself two side businesses.

TREASURER KOPP: Yes?

MR. DELFOSSE: So --

TREASURER KOPP: Often we praise people for things like that.

MR. GLEASON: You also counsel them on occasion that exploring too much while trying to go through a Ph.D. program is a difficult proposition and some people don't do that well. Others do. I would not be able to comment on this particular student. It's --

COMPTROLLER FRANCHOT: Madam Treasurer, could I ask a question?

TREASURER KOPP: Oh, yes.

COMPTROLLER FRANCHOT: Wasn't it Dr. Geddes' voice on the recording, not that of his wife the business manager, but was of him saying to this individual that, you know, essentially you are going to be punished for filing a complaint, whether it's valid or not?

MR. DELFOSSE: And at the same time he was saying because I believe what my wife was saying, that's what the tape revealed. "If my wife comes to me and says this is what has happened that is what I am accepting." So that was the problem, that was one of the problems. That has since been resolved. So in terms of the review, there is a standard practice for students to go outside of the HR. One of the things that happened in this particular case was that Dr. Geddes' wife was creating a situation where, that discouraged people to go outside of the lab with their complaints to the University. Once that happened, that's when the investigations came through, that's when the practices were discovered. So once the student actually came forward and said, "I've got a

problem,” it was investigated, revealed, and further steps in much broader investigation was done in terms of how this was handled.

TREASURER KOPP: That’s when you are saying the University intervened?

MR. DELFOSSE: Right. So once the student actually did go to the, after having been discouraged through Dr. Geddes’ wife to do so for a variety, in a variety of methods, she actually did anyway. She went to that and filed something with the University. The University then did its investigation and found that while these best practices, while these supervisory practices were not up to their standards there was nothing illegal of discriminatory going on. And there was nothing, the actions that were being, the dismissal from the doctoral program, the dismissal from employment had nothing to do with any of the issues revolving around discrimination or other illegal means. It was simply, this was not the boss you wanted to have.

GOVERNOR O’MALLEY: Should we vote on this or not? I mean, if it’s not State funds why do we have to vote on it? Is someone here from the Attorney General? Here is my main concern --

SECRETARY MCDONALD: -- the Attorney General spoke before the Board...12-405. I mean you might want to look at--

GOVERNOR O'MALLEY: My main concern is ongoing liability for the State. Anybody here from the AG's Office? Anybody want to talk about that?

SECRETARY MCDONALD: Well, I mean --

GOVERNOR O'MALLEY: I mean if this is a pattern, if this is a practice and behavior, I know nothing is proved here, this is just a settlement. But certainly we are all on notice --

MR. DELFOSSE: And we are certainly concerned. And that is why the review of the practices of this particular lab, and why he was required to take certain lab management skills courses at his own expense. So what we have is a situation where the University feels confident that they have created an oversight for this particular lab different from what they would have for other labs, or other processes, correct? That will provide them on a going forward basis an insurance that this is not something that is going to be happening again in terms of the exposure that is being created.

SECRETARY MCDONALD: And on the letter to the Board that Mr. Delfosse wrote in support of this settlement, Mr. Steven Sullivan, the Chief of Civil Litigation for the Attorney General's Office, had signed it as well. So the Chief of Litigation for the Central AG's Office concurs with Mr. Delfosse.

COMPTROLLER FRANCHOT: Yes, but here's my problem, among other things. But if any of us in our profession, folks sitting up here at the

table, did anything close to anything resembling Dr. Geddes' or his wife's behavior, we would be out looking for other jobs. And yet this seems to be, you know, as long as he doesn't do it again, or she isn't involved, that's okay. I don't, I'm not going to vote for it just because I don't like what I hear about the -- anything that I've heard so far. And I also, you know, if you are not going to pay for it with taxpayers' dollars then have it, you know, settle it privately. Send the bill to Dr. Geddes.

MR. GLEASON: I can assure this was not acceptable to Dr. Hrabowski or UMBC. We have taken steps.

GOVERNOR O'MALLEY: Greg, what is, do you want to say anything to us here? Why do we have to vote for this?

MR. BEDWARD: Excuse me, Greg Bedward, Gregory Bedward, Counsel to the Board. Typically the Board of Public Works approves these recommendations when there are State funds involved. If there are funds, even if there are University funds that were appropriated to the University, which is the case here. So even if they come from different funding sources or revenue sources generated by the University, if the General Assembly is involved at all in appropriating those funds to the University then the Board is involved and should approve or disapprove the recommendations to pay any sum --

MR. BEDWARD: This is new information to you, right? You don't know about, you don't know what the source of these funds --

SECRETARY MCDONALD: There was an appropriation code --

TREASURER KOPP: There is an appropriations code on the item.

SECRETARY MCDONALD: The Board is approving --

GOVERNOR O'MALLEY: Anybody bring their decoder?

(Laughter.)

SECRETARY MCDONALD: I have Secretary Foster right here. She can decode. R3 I think is UMBC, probably.

MS. FOSTER: UMBC's appropriation code. I don't know for the specific unit within the department. I can certainly find out.

TREASURER KOPP: But that means it's in the budget --

SECRETARY MCDONALD: But approving this item as it's presented to you, or disapproving this item, this item presented to you does ask permission to use that fund source, UMBC current unrestricted funds appropriated at R30B31. So that is how it's being presented to you.

TREASURER KOPP: In Maryland we do appropriate almost all funds --

SECRETARY MCDONALD: That's right.

TREASURER KOPP: -- not just State taxpayers funds.

SECRETARY MCDONALD: I think --

MR. BEDWARD: That's absolutely correct --

COMPTROLLER FRANCHOT: Let me suggest that we maybe

just defer and let them come back and straighten out where exactly the money is coming from and what this whole mess --

MR. DELFOSSE: I would suggest if we defer that we are likely then to proceed to litigation and the cost of this case will go up. We are right now in the status of on hold. As I indicated in my memos to you, the cost in this case, the settlement value in this case is in part because no substantive depositions or document discovery has been done. If we begin the depositions and the document discovery this offer will be off the table. And I suggest to you that in very short order we will exceed this, such that whether or not we win or lose at trial, and while I suggest to you we have a strong possibility of doing so because I believe that we were right. The witnesses and the bare fact that this, as a litigation matter and as a litigation decision, there is exposure and risk. I say that as a litigator for 25 years. It does not mean that I think we are wrong. It means I think that there is a jury out there who could say we are wrong.

I think as a matter of law and based on the facts in this matter, we are correct. I believe that I will make, I am happy and willing to take that to court tomorrow if necessary. I will defend the State, UMBC, because I believe they acted correctly. I will defend Dr. Geddes because I do not believe he acted maliciously or with gross negligence. The State is making a cost benefit analysis in this case. They are doing what they believe is in the interests of the citizens.

And I suggest to you that if this is not approved the cost to the State, through deposition costs alone, could end up anywhere between, I think I put in the memo ten to 15, I tried to be conservative. But I believe they could go up to 20, just in deposition costs. That is not in time spent by University employees at trial, at deposition, or UMBC General Counsel in reviewing I think it is the thousands of documents that you have already possibly identified for disclosure, for privilege, and other issues.

This is not a matter of we are trying to avoid a trial or we are trying to skate out on something. To take this to trial will cost more than this settlement amount in terms of not just out of pocket costs but of opportunity costs. The University did nothing wrong in this matter. Dr. Geddes did not act in a grossly negligent or malicious manner in this action. Nothing was done illegally. There was no discrimination. There was no other violation of any of the sections that the plaintiffs allege. The plaintiffs' allegations are without merit, although as presented to a jury it is likely that they will see in Dr. Geddes the worst boss they have ever had. The person who told them, no, you can't have Thanksgiving off because I want that report now. The person who made their life miserable, whether or not they did so legally or illegally. This is a good settlement. It is in the interests of the State of Maryland and its citizens and I highly recommend that if it pass and be approved. And if it is not approved today it will not be back. Thank you.

Any other questions? Thank you.

COMPTROLLER FRANCHOT: Well, but with all due respect, just from my perspective here, we, you apparently learned today that it is not going to be taxpayers' money. It may be private money, or donor money, or something. I'm not even sure where it is coming from. So it's pretty unusual for this Board to move forward --

MR. DELFOSSE: And I --

COMPTROLLER FRANCHOT: -- given that kind of confusion, which is why I suggested to defer. But I'm happy to vote against it if, you know, people want to push it through. But I think the better course would be to defer this and let you sort out exactly what, where the money is coming from.

MR. DELFOSSE: Certainly the source of money, even if we were to say that the source, particular source of money, were to be the source, it would not cover, the full amount of this particular source would not cover the judgment in this matter. The source of this funding is \$180,000. I suggest to you, that is the amount that is in there currently, I suggest to you that if we come back in a month, the \$60,000 is off the table and a settlement amount could well exceed what is in that and we will have to ask the State for taxpayer money that has been appropriated from taxes as opposed to through grants and other designated funds. What I suggest to you is that if it is not approved the settlement will go away and

we will either be coming back with a number much higher after further discovery in this issue, or coming back with a verdict well in excess of six figures.

TREASURER KOPP: Is that right?

GOVERNOR O'MALLEY: Side bars? Anything to share for the good of the collective judgment here? No?

TREASURER KOPP: I must say, I don't think the source of the money, I mean I suppose it's good it's not taxpayers' funds. But it's appropriated funds.

MR. DELFOSSE: It is funds designated for State use.

TREASURER KOPP: And designated for State use. It's UMBC current unrestricted funds, appropriations code R30B31. That's what it was at least when it was submitted to us.

MR. DELFOSSE: Correct.

TREASURER KOPP: And what we are voting on. So I, that is not news. I mean, it may be news to you but it's in the item. I think if the allegations were true, the behavior is truly reprehensible. On the other hand, allegations are allegations. And I think it sounds as though, although we have to take it on trust, that the University in fact is taking a more active oversight role than they did with this particular laboratory. The laboratory itself is renowned. It has done wonderful things. But that doesn't give the laboratory the right to behave in terms of personnel management in a reprehensible way.

So this is a balancing, I think, of the interests of the taxpayers, the University, and the plaintiffs. And I gather the Attorney General recommends this. The plaintiffs wish it. And the University does.

MR. GLEASON: It was not their first number, I guarantee you.

TREASURER KOPP: No, I gather not. But this is what they have supported and agreed to, so.

MR. GLEASON: Yes. Ma'am.

TREASURER KOPP: I am prepared to vote for it. But I'm one vote.

GOVERNOR O'MALLEY: Okay. I don't see this getting any better with the postponement and it could well get worse. The Comptroller has made a motion to defer, which I respect and understand. I don't believe there is a second. The Treasurer moves approval of this item, seconded reluctantly by me. All in favor signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed?

GOVERNOR O'MALLEY: The Comptroller votes no for the aforementioned reasons. I hope you guys -- enough said, all right?

MR. GLEASON: Understood.

GOVERNOR O'MALLEY: You had better consult closely with your Attorney General as to how to tie off liability here for future.

MR. GLEASON: Understood.

GOVERNOR O'MALLEY: Because you are on notice.

MR. GLEASON: Understood.

GOVERNOR O'MALLEY: All right. Anything else?

TREASURER KOPP: Yes, could I just add one thing since we have got the University before us. Not just, all parts of the University System. You know laboratories, I mean, someone gets a grant, they run a laboratory, it is their laboratory. You all reacted to complaints. I hope that we can come and see how you proactively guide, particularly the academic managers, the chief investigators, primary investigators, in the laboratories on these skills that I'm quite sure when they went to graduate school and became eminent in their profession were not part of their curriculum.

MR. GLEASON: We are working and we have a number of initiatives --

TREASURER KOPP: And not wait for complaints and problems.

MR. GLEASON: No. We have a training program in place now which is about three years old that we are working on. It's called PIRATE, and that's for Principal Investigatory Research Administration Training and Education. That goes into more of the research and grant compliance things but it touches on some of these --

TREASURER KOPP: Well I'm not, that's --

MR. GLEASON: -- working on additional training programs to tie off these issues and assist them with running things in a more compliant and better way.

MR. DELFOSSE: To make sure that the compliance that has existed is being overseen.

TREASURER KOPP: Yes.

MR. GLEASON: And specifically we are watching very closely.

TREASURER KOPP: But we're not just talking about UMBC.
Thank you.

MR. DELFOSSE: Thank you.

MR. GLEASON: Thank you.

GOVERNOR O'MALLEY: All right. Anything else on the --
where were we? Is this DBM?

MS. FOSTER: DBM Agenda.

GOVERNOR O'MALLEY: All right. So that item was approved.
How about on the balance of the DBM Agenda?

MS. FOSTER: Just one item.

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. We move on to the University System of Maryland.

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

GOVERNOR O'MALLEY: Any questions, University System of Maryland? 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.

MR. STIRLING: Thank you.

GOVERNOR O'MALLEY: We move on now to the Department of Information Technology.

MR. URBAN: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I have five items before you today. My name is Greg Urban with the Department of Information Technology. I have five items. I am happy to answer any questions for you.

GOVERNOR O'MALLEY: Have you missed Isabel Fitzgerald?

MR. URBAN: We keep in touch.

GOVERNOR O'MALLEY: She's doing a six-month emergency management operation.

MR. URBAN: We look forward to her returning, though, as well.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. Item 5, please?

MR. URBAN: Yes. That is the item from the Department of Health and Mental Hygiene.

COMPTROLLER FRANCHOT: Yes. My understanding is it is an \$8.3 million extension of a contract with Computer Sciences Corporation. And I have two issues with the proposal. One is the extending this contract beyond the parameters of the initial award. According to my background materials the initial contract was approved in 2006. It was a two-year contract with three two-year renewal options, all of which have been exercised. The final option is set to expire at the end of the month. And I guess, what is the justification for changing the contract to give this company a ninth year on the job as opposed to putting these important services out for competitive bid?

MR. URBAN: If you would like, I have someone from the department that can speak in detail to that question.

COMPTROLLER FRANCHOT: Excellent.

MR. URBAN: Great.

MR. KIM: Good morning, Mr. Comptroller, Thomas Kim, Deputy

Secretary for DHMH, Madam Treasurer, Mr. Governor. The maintenance agreement for the legacy Medicaid management information system is due to the fact that the replacement of the existing MMIS system has been delayed due to corrective action plans that are currently underway with the vendor. Our partners in DoIT have been with us every step of the way.

This particular maintenance plan before you today could not have been bid out as the State only recently came to the conclusion that the MMIS vendor was not going to meet its target. So therefore we are extending it for one year during which time we will bid out an extended legacy maintenance plan for the MMIS system during this summer, which will have subsequent option years. And so this legacy maintenance plan, again, is necessary because of the delays when it comes to the entire MMIS replacement. And so --

COMPTROLLER FRANCHOT: Well that's, but this is a kind of, we've had a relationship for eight years and we just came to the conclusion that they weren't going to be able to satisfy us?

MR. KIM: Let me just be, I'll try to clarify.

COMPTROLLER FRANCHOT: Thank you.

MR. KIM: There is another contract underway to replace the entire MMIS system. That project has been underway for the last two and a half years. And by this summer it was originally scheduled to have been replaced.

Okay? Which would have negated the need to extend the maintenance plan for the existing legacy system. So during the Fall, the Fall of 2013, that's when the department and the vendor for the new system, we began to understand that they were slipping on some of the deadlines. And again, that's where we worked with DoIT to meet with the vendor, to hold them accountable, to work on corrective action plans.

It wasn't until recently, in other words in the last, I would say within the last two months is when we realized that those, whatever correction plans were going to be in place was not going to fulfill the original milestone targets set by the vendor, who happens to be the same vendor as the one who is maintaining the legacy system.

TREASURER KOPP: So --

COMPTROLLER FRANCHOT: Please. I'm a little confused myself.

TREASURER KOPP: Yes. Can you run through that again, Mr. Kim?

MR. KIM: Sure.

TREASURER KOPP: So you've got a company that is supposed to be setting up a new system. And it's not going as smoothly or as quickly as you had anticipated.

MR. KIM: That's right.

TREASURER KOPP: And so that same company is now being extended on its old contract for another year to -- is that right?

MR. KIM: That's correct.

TREASURER KOPP: Okay. And the new system is supposed to be up by December, 2015, and you are extending this one until July, 2015?

MR. KIM: Until May of 2015.

TREASURER KOPP: Until May of 2015. So how does this all, I don't --

MR. KIM: So, the -- I'll address two things on this. One is that the current vendor for the replacement of the system is being held accountable. The perception would be that, well, that vendor doesn't have the incentive to implement the new system because --

TREASURER KOPP: Because the new system is supposed to save us money, isn't it?

MR. KIM: That's correct.

TREASURER KOPP: Yeah.

MR. KIM: But, you know, when I say that the vendor is being held accountable is that, you know, when we, when they don't perform as they should, that affects their bottom line in terms of their payments. And so it's not like they have an opportunity to here double dip with their old contract and their new contract. Okay?

Second is that when it comes down to the timing of this particular extension vis á vis the anticipated implementation of the new system is that the maintenance, the maintenance plan would cover up to a time where if when we get eventually to a point with the new vendor --

TREASURER KOPP: Who is the same vendor.

MR. KIM: -- who is the same vendor to actually implement the new system, then that switch off would take place during the overlap period. So what we did not want to do is extend the existing one for let's say two years when in fact the implementation could have taken place much sooner. So the, extending --

TREASURER KOPP: But if you extend for two years, cannot you terminate it for convenience?

MR. KIM: Well what we are also doing, as I mentioned a little earlier, is that we are actually bidding out through an RFP the maintenance plan of the legacy system. So we feel like the responsible thing to do is extend it for the shortest amount of time as practicable, then go out with a full RFP this summer for the maintenance of the legacy system if it is needed beyond that point.

TREASURER KOPP: Oh, okay. To another company? Or to the same company again?

MR. KIM: Well we wanted to open it up to competition so, to give others an opportunity as opposed to just giving it to the same vendor.

COMPTROLLER FRANCHOT: If I could, Madam Treasurer, ask another question?

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: Because you brought up the issue of price. And the original contract was \$8 million for every two years extended. Now the extensions have ended so we are now I guess agreeing with the vendor, you know, I continue to have two problems there. Number one, it's outside of the parameters of the contract which in my view you should have been planning to bid so that you could actually come before us and say it's reasonable and fair. And secondly, instead of paying them \$4 million a year, which is what the contract had since 2006, we are now paying them \$8.3 million for one year. So how do we know that is a good deal for the State?

MR. KIM: The original two-year contract, as you correctly pointed out, had 19 FTEs, full time equivalent employees, on that particular contract. The current extension year has 32 individuals, 32 FTEs on its contract, many more resources, a third more resources than the original one. So on an annual basis from an FTE standpoint there is about \$50,000 difference between the original contract and the new contract. That original contract was in 2006. So there are, costs go up.

COMPTROLLER FRANCHOT: Yes --

MR. KIM: And the most recent option, and option three had, which was nearly \$10 million, which was the last exercised option, there were 40 individuals on that one. And on a per FTE standpoint, an annual basis, that is, the current contract before you today is consistent with the most recent option.

MR. MILLIGAN: May I?

MR. KIM: Sure.

COMPTROLLER FRANCHOT: Sure.

MR. KIM: Deputy Secretary for Health Financing Chuck Milligan would like to speak to this issue as well.

MR. MILLIGAN: Chuck Milligan, Deputy Secretary, and not just speaking to this issue because this is my last BPW, Mr. Comptroller you always ask good questions. I want to just mention a couple of other things just I think relevant and I'm happy to sort of take the fire at this point.

The most recent two-year extension for this contract also included a significant new task which was converting what is called ICD-9 to ICD-10. This is a coding process for diagnoses that healthcare claims payment systems have to do. The federal government mandates that we have ICD-10, which is a whole new diagnostic based claims based system, in place by October 1st. And so one of the reasons the costs went up significantly in the last two-year extension was we added a lot of FTE because it turns out we have to remediate our current

system to comply with ICD-10 because the new system is not going to be ready and we need to retain some of those FTE in this extension year that is before you today. So part of the reason the cost went up from the base period of 2006 to 2008, that first two years, was we weren't working on ICD-10 at the time. In the last two-year renewal that ends this April 30 we added significant FTE because there is a significant new federal requirement to meet and that is going to continue to need resources through this October. So it wasn't simply costs going up in the normal course of, you know, inflation and stuff. We had to add tasks because of some new federal requirements.

COMPTROLLER FRANCHOT: Well sorry to make your last meeting a bit of a lousy one, but here is my problem. This goes outside, this is a generic concern about the procurement process. If you are allowed to literally write a new contract and bring it before us with added expenses, which I'm not saying are incorrect from a logical standpoint, why do we need the procurement process? Why don't we just let everybody extend their relationships and rewrite their contracts? And gee, the federal government is always asking for new things. But what is the protection for the taxpayers if this type of procurement, well I don't really call it a procurement, it's just an agency action is permitted?

MR. MILLIGAN: Mr. Comptroller, I agree with you. This isn't best practice. And you know, we would rather not, we would have rather had a new vendor in place and be bringing before you a new award for a new

procurement. The fact is we just didn't know how long the delay to put the new system in place was going to be. And we just, we didn't know how much time was going to need to be patched over from the legacy system to cut over to the new system. So I think in retrospect, it was an error in our judgment to try to just have this current contract tide us over until the new system was ready. The new system isn't going to be ready on the schedule we had initially proposed so it turns out it was a bad strategy. So we are asking for the one-year extension. We are going to go out to bid to have a new maintenance RFP done. And I agree with you, this is not best practices. But it is a result of the delay in the limitation of the new system.

COMPTROLLER FRANCHOT: Okay. So thank you for that presentation. You work for Dr. Sharfstein?

MR. MILLIGAN: I do.

COMPTROLLER FRANCHOT: Good. Give him my regards. I'm going to vote for this even though I do not like the implication for the procurement process. But would you please ask him, this is a friendly suggestion, it follows on what the Governor was talking about in his opening statement about the Healthcare Exchange. Would you please suggest to Dr. Sharfstein that any new contracts entered into by the Exchange Board come before the Board of Public Works? It is a transparent vetting process that will benefit the Health Exchange and the taxpayers. And I would appreciate it if you would personally

recommend to him that he bring these, whatever the new arrangements are, bring them before the Board.

MR. MILLIGAN: I will pass that along.

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

TREASURER KOPP: Aye.

COMPTROLLER FRANCHOT: Of this item?

GOVERNOR O'MALLEY: Of this item.

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: Okay, the ayes have it. We now move on to the balance of the DoIT Agenda. Any other questions?

COMPTROLLER FRANCHOT: Yes, Item 1.

MR. KIM: Yes --

GOVERNOR O'MALLEY: I'm sorry. Madam Treasurer?

TREASURER KOPP: Before --

GOVERNOR O'MALLEY: Chuck?

TREASURER KOPP: Before you leave, I just --

GOVERNOR O'MALLEY: Some of us want to thank you.

TREASURER KOPP: Well --

(Laughter.)

TREASURER KOPP: I'm sure all of us do for your hard work, diligence, and very good advice that you have given not only the department and the Secretary but us over the years. I really, really appreciate it.

MR. MILLIGAN: Thank you. I, Governor, I really appreciated your comments at the beginning of the meeting and your support of the health reform efforts, and all of your support. If I could just brag on my staff for a second? I'll be very brief. We added since January 1st, 232,000 people to Medicaid in this State. These are people who didn't have health insurance before. The HSCRC has done an analysis and we just looked at the PAC population, the people that had a very limited benefit package before all of this, 96,000 people we converted to have a full benefit package. HSCRC looked at how much uncompensated care those people used in hospitals last year, because we didn't cover hospitals in PAC. And their analysis showed that for those 96,000 people hospitals provided \$164 million in uncompensated care that is now compensated care because we have an insurance card. That \$164 million is going to help hospitals, and it's also going to reduce the uncompensated care that is added to everybody's rates: employers' rates, Medicare's rates. So it's a good economic development point because it is going to help mitigate the premium increases for private employers.

My staff have worked like you couldn't believe for four years, since the passage of the ACA. And we are really proud of what we have been able to accomplish, helping people. And there was a lot of news yesterday at the Exchange as the Governor mentioned. But there was also an event late morning at Healthcare for the Homeless in Baltimore where people who had never had an insurance card before who were served at Healthcare for the Homeless and who now were covered provided their personal stories of now being able to get eye exams, now being able to get treatment for chronic illnesses, now being able to refer to specialists. And there was testimonial after testimonial yesterday of actual people benefitting from this law. Healthcare for the Homeless has seen that they went from having 30 percent of their patients who had an insurance card, and 70 percent of their patients having no insurance at all, to now it is above 70 percent have an insurance card who go to Healthcare for the Homeless.

So there's a lot of good stories on all of this. And thank you for indulging my little comments this morning.

GOVERNOR O'MALLEY: Thank you for all you've done for us, Chuck.

TREASURER KOPP: That's terrific.

GOVERNOR O'MALLEY: Tremendous --

TREASURER KOPP: Somehow our fellow citizens have to get that picture because it's not getting through most of the filtering media.

GOVERNOR O'MALLEY: You would be sore pressed to see that

we even exceeded our goal from reading either of the two articles.

TREASURER KOPP: Real people.

GOVERNOR O'MALLEY: Uh-huh. Anything else on this?

COMPTROLLER FRANCHOT: Yes.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 1?

GOVERNOR O'MALLEY: Item 1, I'm sorry. We're still on Item

1.

MR. URBAN: Yes, from the Department of Education.

COMPTROLLER FRANCHOT: Okay. But this is on your
Agenda?

MR. URBAN: That's correct.

COMPTROLLER FRANCHOT: Okay. So we're being asked to
award a contract for \$250,000 to a Columbia based firm called AP Ventures to
develop an online financial literacy course that is in alignment with Common
Core State standards.

MR. URBAN: That is correct.

COMPTROLLER FRANCHOT: Heaven knows, that's a subject
that I love. And as my colleagues know, I've been working for years to expand
awareness both within the education community and among the public at large of

the need for comprehensive financial education. And I have made it something of a crusade to expand the learning opportunities that are available to the next generation, whether by making financial education a standalone graduation requirement in our classrooms as several school systems, six actually in Maryland, have already done, or by supporting efforts to create interactive centers of practical learning such as the state of the art Finance Park that is being built by Junior Achievement and Capital One in Prince George's County. So to the extent that this online product that is before us today is going to introduce our children to the fundamental building blocks of financial literacy, the difference between good and bad credit, the importance of a good credit score, the need for realistic household budgeting, sound strategies for long term investing, I am obviously all for it.

But as I read the item I am trying to figure out exactly what we are doing and who is doing it. And the notes say this online course will be distributed through the Maryland Virtual Learning Opportunities Program, and education service designed to expand access of Maryland public school students to curricula aligned with the Maryland conduct I mean it goes on and on and on. And I'm confused as to exactly who is doing what, and maybe you can help me?

MR. URBAN: Yes. Well I have a representative from the Department of Education that can speak in detail on that item for you.

COMPTROLLER FRANCHOT: Oh, good.

MR. URBAN: Excellent.

COMPTROLLER FRANCHOT: If they are here, great. Because I did go on the website, if you haven't already, of AP Ventures. It's an IT company that provides the type of services one would expect obviously from a IT company, web design, portal development, software development, and such. There is a section that talks about e-learning. It's kind of an online learning platform and it strikes me as an internet site more than education professionals. And I guess who is determining what is the content of this course?

MS. MICHEL: Sure, good morning. I'm Kristy Michel. I'm the Deputy Superintendent for Finance and Administration. I also have with me Dr. Lynne Gilli. She's with our Career and Technology Education program, and I think she can answer your questions on the content of the contract.

COMPTROLLER FRANCHOT: Great.

DR. GILLI: Thank you, and good morning. The contract with AP Ventures is designed to provide for us for the first time the closest we have come to the goal of offering a standalone course in financial literacy education. It will be developed, Blackboard, it is our State learning management system which is accessible for every school system in the State. There are three curriculum writers proposed in the contract. One is Dr. Maddy Halbach from Howard County. She is a National Academy Foundations teacher. She also holds a doctorate. We have a Family and Consumer Sciences teacher, Ms. Susan

Baudoin, who is in Prince George's County. And we have a social studies teacher, Valerie Lomax, who is also a special education teacher in Dorchester County.

The advantage of this course is it is going to provide consistent content aligned with the State standards. And those are in the curriculum for personal financial literacy education that the State Board accepted in January of 2010.

COMPTROLLER FRANCHOT: Okay. Not to be harsh, but that is really just a bunch of hokum what the Board is adopting and implementing through the embedded process. Even the Department of the Treasury says that it's an invalid way to teach financial literacy. But let me just ask about Junior Achievement, which is a group I really think is terrific. And they are expert at creating user friendly, practical, real world situations. And I take it you have been to the Finance Park?

DR. GILLI: Absolutely, two of them.

COMPTROLLER FRANCHOT: And understand the genius of that. I know they are actively supporting efforts within school systems around our State to do this financial education at the lowest possible price. Are they involved in this process?

DR. GILLI: They were aware of the bidding process. But this was not part of their national effort at this time to develop an online course. We had

conversations with them. They were aware of the opportunity to bid. We think very highly of Junior Achievement and we work very closely with them. They serve on our State Financial Literacy Education Advisory Council, which I cosponsor with Sheldon Caplis from One Main Financial. So Junior Achievement is a strong partner of ours. They just issued a new app that students can use to project college going courses and we are going to promote that widely in the State. But they did not opt to bid on this project, unfortunately.

COMPTROLLER FRANCHOT: Well that is good if you are reaching out to them. Because I think it would be a missed opportunity if you didn't include them. And --

DR. GILLI: Comptroller Franchot, also some of the teachers that are in the writing team are using Junior Achievement's materials. So I am sure that we will be able to reflect anything that is free and can be used without copyright concern in the materials.

COMPTROLLER FRANCHOT: Okay. So you mentioned the bidding process. How did it end up being a single bid award?

DR. GILLI: They were the only ones, well there was another bidder I believe. But you would have to answer that for me.

MS. MICHEL: We did receive two bids on the RFP. One was deemed not qualified because they didn't make a good faith effort to secure minority business subcontractors.

COMPTROLLER FRANCHOT: Okay. Well if you could just

take back to the Board the fact that a number of school systems are moving forward with a standalone financial literacy graduation requirement in senior year. This is a very valid effort. It has been thwarted, blocked by all sorts of folks that think, no, no, no, there is something that needs to be done in the third grade and the fourth grade. And it's not when these kids are leaving for the workforce or for college, that they need this information. And it needs to be mandatory. It can't be some kind of elective internet site with apps on it. Because most of the kids are not going to take advantage of it. And you need to get in support of this standalone graduation requirement. It's, you know, we are going to continue to push it. I think other school systems will move to adopt it. But it's painful to me to see the opposition of the State.

MS. MICHEL: Sir, I will take that to the Board and to Dr. Lowry.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR O'MALLEY: Okay. Anything else on this one?

TREASURER KOPP: Just know that there are some who do support embedded financial literacy. Not necessarily as an alternative for a capstone.

DR. GILLI: Thank you. We have worked very hard.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. Anything else?

That was Item 1. Anything on the balance of the Agenda? This is exciting for you, huh?

(Laughter.)

MR. URBAN: It's the most action I've had yet.

COMPTROLLER FRANCHOT: Governor, I'd like to indicate that Register of Wills Macfarlane is here and Register Phipps is here from Calvert County. They, and at my agency there is a big project on your Agenda --

MR. URBAN: Item 4.

COMPTROLLER FRANCHOT: -- to benefit the Registers of Wills who do such a fabulous job for everyone around the State.

GOVERNOR O'MALLEY: What are we going to be doing to support our terrific Registers of Wills?

MR. URBAN: Well this is a IT service contract to manage the IT assets for all the offices of the Registers of Wills throughout the State.

GOVERNOR O'MALLEY: Ms. Phipps, anything you want to share with us since you have had to sit here all morning? Come on down.

COMPTROLLER FRANCHOT: Byron, come on up.

MS. PHIPPS: I'm Margaret Phipps, the Register of Wills in

Calvert County. And I have chaired this automation program for the Maryland Registers of Wills since 1992. We have come a long way. And we appreciate the Comptroller's Office and the support that they have given us, the Governor, and our Secretary. We just are very thankful.

And I want to say that the contractor that we had has been great. We are very happy with them. They meet our needs and they are there for us. And when you can get 24 elected officials to give a 97.4 approval to a contractor, I'd say we're doing okay. Thank you.

GOVERNOR O'MALLEY: Thank you for your leadership.

COMPTROLLER FRANCHOT: Byron, do you want to say something?

MR. MACFARLANE: Byron Macfarlane, Register of Wills in Howard County. I've only been Register since 2010 but in my experience CACI has been absolutely outstanding. I gave them 100. I don't know who gave them less than 100. But it's, you know, our job is to serve our public. And when we have people who are grieving in front of us, computer glitches are not okay. And so when we have problems come up and we email CACI, and they call us and they fix it within literally a couple of minutes, that is how we serve the public well. So I hope that the Board will approve this request. Thank you very much.

GOVERNOR O'MALLEY: Thank you.

COMPTROLLER FRANCHOT: I have no idea why they are in my budget --

(Laughter.)

COMPTROLLER FRANCHOT: -- I'm delighted to have it there.

GOVERNOR O'MALLEY: All right. 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.

MR. URBAN: Thank you.

GOVERNOR O'MALLEY: And that was the balance of the Agenda. So thank you Registers of Wills, Registers of Wills. We move on now to the Department of Transportation.

MR. SMITH: Good morning. Secretary Smith on behalf of MDOT. Good morning, Madam Treasurer, Governor, and Comptroller. MDOT is presenting 18 items, as Items 16, 17, and 18 have been withdrawn. For your consideration, if you have any questions I'd be happy to respond.

GOVERNOR O'MALLEY: Any questions? Hearing none, 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. Move on now to the Department of Good Service.

MR. COLLINS: Great Service.

MR. COLLINS: Great Service, Governor. Thank you. Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, Al Collins, Secretary of the Department of General Services. The department has eight items on our Agenda today, including one supplemental. And obviously we would be glad to answer any questions on any of these.

Mr. Comptroller, I'd like to point out that Item 5 is for you. We have a new location on Pershing Street in Cumberland for your location of providing great service to the people of Western Maryland. It's our pleasure to provide that ten-year lease for you.

COMPTROLLER FRANCHOT: Okay.

GOVERNOR O'MALLEY: Anything on this?

COMPTROLLER FRANCHOT: If I could just thank the Department of Great Services.

MR. COLLINS: You're more than welcome, sir.

COMPTROLLER FRANCHOT: And Linda McGovern, actually,

and the entire team at your agency did a fabulous job.

MR. COLLINS: Thank you, sir.

COMPTROLLER FRANCHOT: So thank you for bringing it to fruition. We're going to be located, Governor and Madam Treasurer, in the Allegany Museum in Downtown Cumberland for the next ten years. And we will be moving from our long time offices on Baltimore Street, a beautiful new location. It wasn't easy. There were a whole bunch of glitches in the negotiations.

MR. COLLINS: That's correct.

COMPTROLLER FRANCHOT: But it's a very important process because our Cumberland office, the option was to move out of Cumberland and that was not in the program. So I really appreciate what your team did, Mr. Secretary. We want to obviously be in Downtown Cumberland because out in Western Maryland it takes a long time for people to get from one place to the next. And I'm grateful that that region received exactly what they should have, which is a satellite office right in Downtown accessible to everyone, in addition to all the other exercises in reaching out to the community that we have out there.

And so if anybody wants to go out, take a tourist trip to Western Maryland and visit the new office in the Allegany Museum, please do that. There is nothing better than Downtown Cumberland, and the Canal Place, the C&O

Canal Towpath, Ristorante Ottaviani, one of the great Italian restaurants in the State, and of course my favorite place the Queen City Creamery, if they are still open. I hope they are. They are a fabulous ice cream store.

But I think of people like George Edwards, who I saw this morning and walked over with him through Lawyers Mall. And George, just a little bit of help for Western Maryland goes a long way. And I want to thank all the local officials, the Mayor Brian Grim, and Mike McKay, and Commissioner Ed Dulaney. So if I could, Governor, without imposing on the Board of Public Works, I know I gave one of my very important medallions to you and I don't want to give the sense that I give them to just anybody. But I'd like to give one to Secretary Collins.

MR. COLLINS: Wow, unbelievable.

(Applause.)

GOVERNOR O'MALLEY: Spring is here. Congratulations, Al.

MR. COLLINS: Governor, it's another example. With your leadership we are doing great service.

GOVERNOR O'MALLEY: Doing great service.

COMPTROLLER FRANCHOT: -- exactly.

GOVERNOR O'MALLEY: Doing good by doing great service. Okay. Anything else on this? 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 and that concludes our Agenda. Thank you.

(Whereupon, at 11:33 a.m., the meeting was concluded.)

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