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PRESENT

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Treasurer

HONORABLE PETER FRANCHOT

Comptroller

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PROCEEDINGS

GOVERNOR O'MALLEY: Ladies and gentlemen, welcome to the Board of Public Works. Today is December 17th, 2014 and I just got some, some breaking news that Alan Gross, who is a Maryland resident who had been held in Cuba for a long, long time, a family well known to many people in Maryland including the Jewish community of greater Washington, has just been released and is on his way home to Maryland from Cuba. So that's --

(Applause.)

GOVERNOR O'MALLEY: So some things in this world can become better, right? Mr. Comptroller, any opening comments? Madam Treasurer?

TREASURER KOPP: Excuse me, not, except that it is, it's a, it's a blessing in this, in this special week that Mr. Gross, and I think another person also is coming back, but not another Marylander, and how appropriate that he's coming back in Hanukkah week. And I just wish everybody on this beautiful day a very, very good week.

COMPTROLLER FRANCHOT: Thank you, Governor. And good morning, Treasurer Kopp. As many of you know, I have been touring the State these past couple of weeks to encourage everyone to shop Maryland for the holiday. And so far I've visited Hyattsville in Prince George's County, Bethesda in Montgomery, Easton and Cambridge on the Shore, Baltimore City,

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Cumberland and Hagerstown in Western Maryland, and Prince Frederick and St. Leonard in Southern Maryland. We're going to be finishing up our stops this week with one in Catonsville this afternoon and then Main Street in Annapolis on Friday, if Madam Treasurer, or if Governor, you want to accompany me. These tours are great.

GOVERNOR O'MALLEY: Are you buying? Are you buying anything?

TREASURER KOPP: Don't tell, don't tell Robert Kopp if I'm shopping with you.

COMPTROLLER FRANCHOT: Yeah, no, the Governor asked a very good question.

GOVERNOR O'MALLEY: What do we get?

COMPTROLLER FRANCHOT: Because here's what happens. We show up and there are always a large number of wonderful local elected officials. So we take the entourage over to a small business, we walk in, the owner is delighted to see us. We explain why we're there because we're going to promote the local economy. And invariably the man or woman looks at us and says, okay, what do you want to buy? And my fellow elected officials, I love them dearly, but they are a cheap group, man. They --

(Laughter.)

COMPTROLLER FRANCHOT: You know, I'm the only one that ends up pulling the wallet out, unfortunately, just to save face. But Governor, if you could come with us, or Madam Treasurer, it is, I guess Friday in Annapolis would be the one if it, if your schedules permit. And seriously, I have visited these small businesses because it's, no matter where I am I hear the same message, which is hey, we're doing okay, we're a great State. But the new growth for us is just to stay above where we were a year ago. And that's really troubling. Part of that is obviously the national, international economy. But part of that is the internet. And --

TREASURER KOPP: Yeah.

COMPTROLLER FRANCHOT: -- you know, in Bethesda I was, we went and did it at Urban Country, I think it's called, a wonderful store in Bethesda. Family owned, and the woman owner said, you know, I just served someone last week and I took them around for 15 minutes in the store, they were really interested in these glass vases from a Vermont company that's very well known, my wife knew it immediately. And then she picked out a vase and she came to me and said, oh, do you ship these things? I'm sending it as a gift. And she said, yeah, we do. We add ten dollars for shipping costs. And the woman said, oh, that's, I'm not going to trouble you, I'm just going to go home and order it over the internet. They're so good at shipping. And the woman said I sat there, she kept shopping for a few minutes after that conversation, and I just wanted to

think whether I could possibly communicate with her. And I went over and said I don't want you to take this the wrong way, because she didn't want to get a bad response, but you know, we have to pay rent for this store, we have to pay salaries to our employees. I can ship that really well. And the woman said, looked at her, and she said I didn't know what kind of response it was going to be. But she said, you know what? I've never thought of it that way. I'm going to come and shop, I'm going to buy it right here, obviously. So my message for Marylanders is think about doing the right thing. We're such a good-hearted people. We know we want to do the right thing. But sometimes it doesn't occur to us that these small businesses depend upon us to patronize them so that they can pay rent and hire our friends and neighbors.

So that's the whole gist of shop local. And I didn't mean to get too serious about it but I feel pretty strongly about the, not so much the big businesses, but the thousands of small, family-owned businesses around the State that do such a great job with our communities and they are so important to us. And they tend to get passed over out of convenience. But if you make the right appeal to Marylanders, they want to do the right thing. So help me out, if you would, and shop local. December is the key month for all of them to make their profit margin for the year. And they are just great people. And so thank you very much, Governor. I didn't mean to wander off script.

TREASURER KOPP: Could I just interrupt for a minute on that? Because I had a similar experience. And the fact is it also made me think how many people, like this lady perhaps, go in to actually see what something is like, to feel it, maybe even to try, try it on, and then go home or even worse go to a kiosk right in that mall and, or use their phone, and order something over the internet, and just don't think for a moment what would happen if the store were not there? If I couldn't see it or feel it or try it? And there are just these bazillion of things on the internet, how would I go about ordering my life? And it really makes you stop and pause and think about how important beyond just a source to pay money these stores are. I think drawing attention to that is extraordinarily important.

COMPTROLLER FRANCHOT: Friday, I'm going to send it. If you are available, I would love to have you with me. Because --

TREASURER KOPP: I --

(Laughter.)

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: And the stuff I buy is not particularly charming to my wife, she claims. So maybe you can give me some advice.

TREASURER KOPP: Oh, your wife --

COMPTROLLER FRANCHOT: And help me out. Governor, thank you. I'm sorry to have rambled on.

GOVERNOR O'MALLEY: Thank you. Thank you. Okay, Madam Treasurer? Anything from --

TREASURER KOPP: Except it's a pleasure, a pleasure and an honor to be here. Thank you.

GOVERNOR O'MALLEY: Okay. Secretary's Agenda?

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 21 items on the Board of Public Works Secretary's Agenda this morning. There are four reports of emergency procurements. We are prepared for any questions you may have.

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

COMPTROLLER FRANCHOT: Items 11 and 12?

SECRETARY MCDONALD: Items 11 and 12 are the Department of Housing and Community Development asking, 11 is asking for forgiveness of a loan to The Reinvestment Fund and Item 12 is asking for forgiveness of a loan to Jubilee Baltimore. And it looks like Ms. Carol Gilbert is here to explain the items to us.

MS. GILBERT: Good morning, members of the Board of Public Works. For the record, my name is Carol Gilbert. I'm Assistant Secretary for

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Neighborhood Revitalization at the Department of Housing and Community Development. And as noted we are requesting your consideration to forgive loans made to two very well regarded nonprofit developers who are working in three neighborhoods of Baltimore City. We are asking for early loan forgiveness because the organizations have completed the activities that were expected of them, and also because the original intent of the awards was, there was a long time frame on the award with the expectation that the funds could revolve if there were any profits and be reused for additional projects. But those, because of the downturn in the housing market there have not really been any; there have not been any sales that produced any profits. And in fact some homes could not be sold to homeowners and are currently being rented. And the debt on the properties is a burden to the nonprofits, and also to the homeowners, the thirty-some homeowners who purchased these properties who are then, are not able to refinance should they wish or use the equity for other purposes, common purposes like financing education.

We have, the nonprofits are here represented today by Charlie Dove, of Jubilee Baltimore, he's the CEO of Jubilee Baltimore; and Bishop Douglas Miles, of Koinonia Baptist Church, and he is the Chair of the Board of TRF Development Partners; and the CEO of TRF is Sean Closkey, to the Bishop's right.

I'd like to take you through a few slides that the nonprofits have provided to us just to give you a sense for what they have accomplished with these funds. First I'd like to give you the basic context, which you may already know, for our smart growth and revitalization investments in Maryland. The, as of the passage of the Sustainable Communities Act in 2010, a designation called Sustainable Communities came into effect as the first shared revitalization target for all interagency investment. DHCD's programs like Community Legacy, Neighborhood Business Works, and the more recent Strategic Demolition Impact Fund, and the Baltimore Regional Neighborhood Initiative all must be used in these targeted areas and the rationale for that is based on what we've seen will succeed in terms of revitalization, what we call the three Ps, people, place, and plans. Good people with good plans wanting to revitalize great places. And these nonprofits are really at the top of the list in their ability to stick with it, have a great plan, and get the work done. There are 78 communities, by the way, that have been approved through an interagency process as, and locally nominated, including 28 Main Streets.

So the, so these are some examples from East Baltimore and this is the, this has required quite a lot of acquisition, demolition and/or infill construction. This is the Preston Place development before, and then the next slide shows the after product most of which are sold to homeowners of low and moderate income means. So the folks who are underwater because, you know,

these nonprofits who make, who we make a loan to are making, are putting liens on the properties, these homeowners are, are underwater.

North Broadway, Northern Park at Broadway now that block is almost entirely intact and they are really quite beautiful. This was a new resident of Baltimore City working at Hopkins. I don't think she saw this --

GOVERNOR O'MALLEY: Hm.

MS. GILBERT: -- that condition but she ended up buying the property in the after condition and can walk to work from there. This is an interior before and after and these homes on Broadway, or North Caroline in this case, but also the homes on Broadway, are so large that TRF came up with a creative way to reduce footprint space and also through the mezzanine design create an open feel in the, in the rowhome.

These are the formerly vacant lots or homes and the next slide shows the acquisition strategy, the very focused place based strategy that TRF has undertaken in East Baltimore north of Hopkins Hospital.

This is a vacant lot in the Green Mount West neighborhood. Behind the photographer would be Green Mount West Cemetery and it was, it was vacant for many years but it also prior to that had a lot of vacant homes on it.

The next is looking down Oliver Street, Greenmount and Oliver. The City Arts Building to, in the foreground is affordable rental housing for artists developed by Jubilee Baltimore in partnership with others. And then just down

the row are infill houses, beautifully designed infill houses by TRF, and just next to that are beautifully rehabbed historic homes by TRF. And then in the far background you can see the Baltimore Design School which is a project, wonderful project by Seawall Development which the State has also supported.

And I'd just like to leave it there. But this is sort of a visual example of those three Ps in place working for revitalization in our State.

COMPTROLLER FRANCHOT: Thank you very much. That was an excellent presentation and obviously I have a lot of respect for you, but Bishop Miles is here and, goodness, I didn't expect him to be here. He's such a leader in the City and obviously we applaud the 65 units, is it?

MS. GILBERT: Mm-hmm.

COMPTROLLER FRANCHOT: Okay.

MS. GILBERT: Across all the lines.

COMPTROLLER FRANCHOT: Yeah, they're terrific. And, you know, 15,000 to go. Because you drive up the streets of Baltimore City as I do often, and it is just indescribable what we, I guess collectively, have allowed that to become. And --

GOVERNOR O'MALLEY: And yet so much better than it was 15 years ago.

MS. GILBERT: Yeah, there's been a lot of progress.

COMPTROLLER FRANCHOT: Yeah --

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GOVERNOR O'MALLEY: And a lot of people gave their lives to make it better. And there was a wonderful article, I don't know if you saw it, Mr. Comptroller, in the *Sun* about two weeks ago saying that Baltimore has received a bigger influx of young people moving back to a much safer City than any City her size in America. It's a real testament, I think, to Bishop Miles and the people that never gave up on Baltimore to see her coming back like this. And that's while there's still a long ways to go, so much better than it was.

COMPTROLLER FRANCHOT: Yeah, well I didn't mean to imply that it wasn't better than it was. All I'm saying is right now it is utterly, totally unacceptable for the City of Baltimore to have block after block after block of not boarded up homes but places with cinder block. And Bishop Miles, if we don't need a Marshall Plan to take care of those, that unbelievable scene when you drive up North Fulton Street, or some other street up there that you happen to be, I happen to be cutting through, it is just incomprehensible to me as a Marylander that that exists. And so hats off to the 65 units. But anybody who wants to put together a Marshall Plan, remember that after World War II? The U.S. went and rebuilt Europe. Maybe we could rebuild Baltimore. And I'm just, I don't mean to be negative about, I'm not negative, I love Baltimore City. I love the fact that young people are moving in. But that is, that situation on those streets is just staggering when you drive through it. So, I don't know, go ahead.

MS. GILBERT: So Baltimore City's Housing Department has a very comprehensive plan for demolition and in some cases selling good properties to developers through their Vacants to Value program. And the Governor asked DHCD to establish a new strategic demolition fund which I hope carries forward in order to help the City particularly but other communities take down blighted properties. I think the City's estimate as to its, the dollar cost for sufficient demolition is in the hundreds of millions. So that's, it's not just a plan. I think the City has a plan. I think there's capital that the State needs to commit to that effort.

COMPTROLLER FRANCHOT: Okay, so if I could -- did you, I'm sorry.

GOVERNOR O'MALLEY: No that's, can you go back a couple of maps? The ones with the red ones, the next one. There we go. There was a time when we couldn't even tell you what we owned. There was a time when the City never, ever took ownership of vacant parcels for fear that if we took ownership of them, people might not pay the taxes on them. But they weren't paying the taxes anyway, and the liens just kept going up, and the unpaid water bills. So a number of years ago we started taking title to them in order to get them back onto the tax rolls. And certainly with more money we could do it a lot more quickly. But if there's anybody here from the City, I certainly appreciate the follow through and not giving up through recession and, and other things. One of

the great, one of the great opportunities for smarter more sustainable growth is to repopulate the City of Baltimore, which is happening. And it could happen even more quickly with some more capital dollars. You're right about that.

COMPTROLLER FRANCHOT: Great. Well, I love Baltimore City. But how many boarded up, vacant, townhomes are there ballpark in the City right now?

GOVERNOR O'MALLEY: About 17,000, aren't there?

MS. GILBERT: Yeah. Yeah, I was going to say 16.

COMPTROLLER FRANCHOT: Yeah.

MS. GILBERT: But that sounds about right.

COMPTROLLER FRANCHOT: And so, yeah --

GOVERNOR O'MALLEY: But not as many as there were because we've been knocking a lot of them down.

MS. GILBERT: So in fact --

GOVERNOR O'MALLEY: And also the HOPE VI things that President Clinton helped us do when he was in office certainly opened up the natural corridors. And many people said at the time when we built them they won't last ten years. Well they certainly have and they are much safer and better and more caring communities as a result of it.

MS. GILBERT: The vacancy rate prior to TRF and Bill's work in this neighborhood was almost 30 percent and now it's eight percent.

GOVERNOR O'MALLEY: Wow, that's pretty good. So it's not only, in other words it's not only the particular houses but it's what the rehab of these houses does for the housing values and the retention rates all around and throughout the community. That makes a lot of sense.

COMPTROLLER FRANCHOT: Okay. So that's good. Yeah, that makes sense to me, too. But these are 65.

MS. GILBERT: Mm-hmm.

COMPTROLLER FRANCHOT: And we've got 17,000 left. I thought it was higher, but maybe that's the, you know, new number I guess.

MS. GILBERT: DHCD would --

COMPTROLLER FRANCHOT: Anyway the -- I'm sorry, what?

MS. GILBERT: DHCD would love to, to invest hundreds of millions of dollars in more demolition, if given the opportunity.

COMPTROLLER FRANCHOT: Maybe Bishop Miles could come up. Because am I incorrect in sounding the alarm on this situation with this, these types of block after block after block --

GOVERNOR O'MALLEY: I don't think you're incorrect. I think you're like 30 years late.

COMPTROLLER FRANCHOT: Okay.

BISHOP MILES: Good morning, Mr. Governor, Mr. Comptroller, Madam Treasurer. I stand as a representative of BUILD-TRF Partnership, and

requesting the forgiveness of these loans. This is the first salvo of what we have been attempting to do in Baltimore as a part of our total blight removal campaign for the City.

If you think back a few years ago the area that we're talking about made national news because of the fire bombing of the Dawson family. And it was at that time that the BUILD organization along with TRF made the commitment that we wanted to rebuild that community and a different strategy from where we rebuilt Sandtown. That this time we would rebuild from a point of strength, building contiguous to EBDI. That's been the genesis of this project, that's been the strength of this project going forward.

We have reduced the vacancy rate in the area. We have raised the home values. We have raised the income level. And we have stabilized a community that was teetering on the brink of total destruction. Because we operated on a biblical principle: write the vision and make it plain for the vision is for an appointed time, and so that he that runneth may be able to, to read it. And that's what we've been doing these years with this money.

We're asking for forgiveness of it that we might be able to proceed ahead, get the commitment from our other funders to recommit their funds to this project. We have raised more than \$10 million of corporate money to underwrite this project and this, the forgiveness of this loan will help us to sustain that \$10 million as a revolving fund to, to reduce the construction costs on the properties

and to enable us to move from this community now to other communities. Again, this is just the tip of the iceberg of what we are attempting to do in removing blight in the City of Baltimore. And while these, this, this money represents 65 homes, we have actually impacted and built 200 homes in the East Oliver community, along with City Artscape and again looking now to other areas of the City where we can move in and become impactful as the faith community seeks to bring strength to the City of Baltimore.

COMPTROLLER FRANCHOT: Thank you. I have nothing but respect for what you and your colleagues do in this area and many other areas as far as quality of life up in Baltimore City. But you mentioned the iceberg, tip of the iceberg. How big is the iceberg?

BISHOP MILES: I think the figures that have been given up are pretty accurate, about 17,000. And keep in mind, again, this is down from a, a high point in the City's life where, that we were talking about 39,000 to 45,000 vacant properties.

COMPTROLLER FRANCHOT: Mm-hmm.

BISHOP MILES: So we have made significant progress. We're not where we should be, but I believe we're moving in the right direction. And forgiveness of this loan will help us to continue to move in that direction.

GOVERNOR O'MALLEY: And the new schools being built for first time in 40 years will also have a --

BISHOP MILES: Right. At least 30 new schools.

GOVERNOR O'MALLEY: Mm-hmm.

(Laughter.)

BISHOP MILES: At least 30 new schools. Not 23 to 28, but at least 30 new schools will be built in Baltimore with the billion dollars that all of us worked to secure for our children, right? Amen.

(Laughter.)

(Applause.)

BISHOP MILES: Thank you.

GOVERNOR O'MALLEY: Sure.

COMPTROLLER FRANCHOT: Yeah, so thank you Bishop Miles. I have some questions for DHCD here. So I understand what Bishop Miles just said and what the other proponents of this indicate. But my question is as much as we are helping people in dire need, and addressing, beginning I guess to address, this enormous iceberg of a problem, why exactly on behalf of the taxpayers are we throwing in the towel at this point on the money that has been loaned? I understand that apparently there was a, the loans were made. I thought that the business plan was to make a profit from this wonderful rehabilitation. And apparently now that business plan has been put aside and the, there is not going to be any return of the State's capital. Instead it is going to be forgiven? Is that --

MS. GILBERT: The intent was always to forgive as long as the nonprofits achieved the intended activities. But they were given a long time frame so that they could revolve into future projects. And anytime you are rehabbing one of these homes, you, you probably realize that they cost more to rehab than the, than you can sell them for. So that, that reality was compounded by the downturn in the market that none of us invited to Maryland. And so there essentially isn't, isn't equity to repay, there isn't equity to tap. So this puts the kibosh, so to speak, on the nonprofit's ability to refinance based on equity. The debt really holds them back from their continuing to work on the projects we want them, we all want them to work on.

COMPTROLLER FRANCHOT: Okay.

MS. GILBERT: Yeah.

COMPTROLLER FRANCHOT: I can see that. But, and there is a bad market out there. But why are we throwing in the towel at this particular point on these investments? Aren't they arguably, based on the renaissance that the Governor just alluded to, with new schools, and new, more, more, more people flooding into the City of Baltimore, isn't it arguable that the taxpayers could recoup this investment down the road if we were a little more creative in, I take it the point here is to allow them to renew their line of credit with the banks?

MS. GILBERT: Right. Right. It's --

COMPTROLLER FRANCHOT: What --

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MS. GILBERT: -- a big burden for them to have this debt on their books. And that actually stops them from keeping the momentum going in these areas. And one example, for the three properties in Hollins Market, it's a Southwest Baltimore neighborhood, Jubilee Baltimore had construction financing from PNC Bank, and construction financing is meant to be taken out at the time of selling the home to the homeowner which would have what we call, you know, permanent financing through a mortgage. But that was seven years ago and the bank would like their money back. But we can't, they can't because the developer can't sell the home because it's underwater. So the money, there's no money to return to PNC in other words. And therefore the developer can't continue to finance with its partners future properties.

COMPTROLLER FRANCHOT: So the business model doesn't work?

MS. GILBERT: Because of the downturn in the economy that affected all homeowners and developers for homeownership, it can't work.

COMPTROLLER FRANCHOT: Well, you understand my question?

MS. GILBERT: I do.

COMPTROLLER FRANCHOT: If the taxpayers could, assuming, which is truthful, that the market is going to stabilize, and it ultimately is going to return, my desire would be to have the taxpayers ride out this down period with

the developer and hopefully be able to recoup their investment per the plan. But you indicated obviously this proposal is let's forgive it now. Can you recall a moment in recent instances where your department has requested forgiveness of Community Legacy debts and the circumstances that accompanied those requests? Because I don't recall seeing another item like this one. I'm open to the possibility I just have forgotten about it. But it's so unusual. Not the purpose, not the Bishop Miles part, but the financing, your part.

MS. GILBERT: Well first of all, Community Legacy is really primarily a grants program. We probably have less than ten percent of its portfolio in, in loans. It's, by the nature of revitalization it is really, it has to be subsidy money. So there haven't been that many loans. And, you know, that's --

COMPTROLLER FRANCHOT: Well, you understand there's another party at the table, which is the taxpayers. And you know, it certainly seems unlikely that anything is going to change given the fact that more money is going to be freed up to do more projects like this so --

MS. GILBERT: Which generates more property taxes.

COMPTROLLER FRANCHOT: -- why not bite the bullet and make them grants? Because it's highly unlikely that they are ever going to be paid back.

GOVERNOR O'MALLEY: I would agree with that.

COMPTROLLER FRANCHOT: Any of them.

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MS. GILBERT: Yep. They --

GOVERNOR O'MALLEY: I would agree with that.

MS. GILBERT: This, this would essentially, your loan forgiveness would essentially convert the loan to a grant, which probably should have been the original --

COMPTROLLER FRANCHOT: I know that. But it's a matter of, of, I don't know. I guess it's old-fashioned, but candor with the taxpayers so we say this is what we're doing.

MS. GILBERT: Mm-hmm.

COMPTROLLER FRANCHOT: And this is why it's a good thing. And this is why there's potential here. So we're really not making a revolving account for a loan. We're doing something different. So that honesty I'm sure the taxpayers when they look at the slide show would say, hey, that makes sense. But this, you know, after the fact changes in a highly, as I said, unusual setting because I've never seen one. Just, well, it's, it's unusual, as I said. Thank you, Governor.

GOVERNOR O'MALLEY: Thank you. And I know all those taxpayers in Baltimore City appreciate the fact that we're making these investments together, too. Especially in the Dawsons' neighborhood. Any other questions on the Secretary's Agenda? 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. We move on now to 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 13 items on our Agenda today. I'll be happy to try to answer any questions for you. And at the end of this calendar year, I'll just give a little quick update on where we are in terms of our conservation goals, so we are well on our way to meeting our BayStat and two-year milestone goals. Actually we're over the 50 percent mark at this point in time. And --

GOVERNOR O'MALLEY: In terms of preservation of Open Space?

MS. WILSON: Correct.

GOVERNOR O'MALLEY: Awesome.

MS. WILSON: And recreational areas. And I'd also like to highlight that at this point in time, since your administration began, all DNR programs in terms of land conservation and recreation has conserved more than 100,000 acres. And then if you take all State programs it's about 160,000 acres,

which is about the size of Howard County. So I think that's pretty significant. And I know that the land conservation community is very --

GOVERNOR O'MALLEY: Wow. It's about -- say that again slowly and boldly. The size of Howard County.

MS. WILSON: The size of Howard County.

GOVERNOR O'MALLEY: I meant the sentence preceding it.

MS. WILSON: That is the, that is the amount of land that has been conserved over the last eight years with all State land conservation and recreation programs.

GOVERNOR O'MALLEY: Awesome. Well Emily, thank you for all your good work on that.

MS. WILSON: Thank you.

GOVERNOR O'MALLEY: And that is something, there were so many that said in a difficult time we needed to take our children's money.

MS. WILSON: Right.

GOVERNOR O'MALLEY: And instead we preserved their land with it. So --

MS. WILSON: Right. And I know those constituents, again, who are so passionate about these programs are very grateful for that.

GOVERNOR O'MALLEY: And those constituencies are only growing. I see, we've developed more land in Maryland in 35 years than were

developed in the first 350 years. So to preserve an amount equal to the land mass of Howard County is no small thing.

MS. WILSON: Right.

GOVERNOR O'MALLEY: Thanks. And the maps and the GreenPrint and the transparency and the objective criteria for all of these purchases, those were things never, ever done before. So thank you.

MS. WILSON: Thank you.

TREASURER KOPP: Governor, could I just, I just throw in, because I was muttering to my Deputy here, it's not just a question of acquiring acres. But they are acres according to a plan that meet certain criteria that, that support our vision of, of Maryland. And sometimes I think people lose that. And they just think people are out buying property.

MS. WILSON: Right.

TREASURER KOPP: And that's not it.

MS. WILSON: Right. In terms of our Program Open Space State Side, you know, we have those targeted ecological areas across the State that have been mapped out by a cadre of different biologists. And for Rural Legacy we have those grassroots areas, 31 of those areas that are designated across the State, whose goal is to conserve working farms and forests in a contiguous manner.

TREASURER KOPP: I think it's important as we go forward, which I trust we will, that it continue to be according to criteria that, that are in the interests of the entire State and the people and not simply buying --

MS. WILSON: I agree.

TREASURER KOPP: -- property.

GOVERNOR O'MALLEY: And all of these things can be viewed by citizens by going to greenprint.maryland.gov, at least between now and January 21st. Can you pull up GreenPrint? Can you pull up any of these on it? So we preserved something near Oregon Ridge, huh?

MS. WILSON: Which, which item are you looking at?

GOVERNOR O'MALLEY: I'm looking at the Maryland Environmental Trust --

MS. WILSON: Oh, okay.

GOVERNOR O'MALLEY: -- the Ivy Hill property.

MS. WILSON: Okay. We have John Turgeon here from MET if you'd like to hear a little bit more about that?

GOVERNOR O'MALLEY: Yeah, sure.

MS. WILSON: Okay.

SECRETARY MCDONALD: Thirteen, 11, and 12, and 13.

That's Item 13 on the DNR Agenda.

MR. TURGEON: John Turgeon, Maryland Environmental Trust.

Which item is that one? I'm sorry.

GOVERNOR O'MALLEY: 13A-6.

SECRETARY MCDONALD: It's the Ivy Hill property donation to MET and the Land Preservation Trust.

MR. TURGEON: Oh that's, right.

SECRETARY MCDONALD: Fifty-seven acres on Ivy Hill Road. I think the Governor knows the address.

MR. TURGEON: There are, there's two Ivy Hill properties, actually. They're, these are both donated easement projects. The landowners are donating a conservation easement to MET.

GOVERNOR O'MALLEY: They look like nice properties, huh? Totally forested?

MR. TURGEON: Yes, they are mostly forested.

GOVERNOR O'MALLEY: Beaver Dam Run.

MR. TURGEON: Right. They have stream frontage along Beaver Dam Run. They are, the properties are, right, this one is not quite adjacent to Oregon Ridge but it's close.

GOVERNOR O'MALLEY: Mm-hmm.

MR. TURGEON: And there's other protected lands. There's another MET easement close by.

GOVERNOR O'MALLEY: Got you. Anybody else? Any other questions on this or any of the other ones? All right. Okay. 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.

MS. WILSON: Thank you.

GOVERNOR O'MALLEY: Thank you, Emily. We move on now to the Department of Budget and Management. T., for tough choices, Eloise Foster.

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are 17 items on the Department of Budget and Management's Agenda for today. We'll be happy to answer any questions you may have.

GOVERNOR O'MALLEY: DBM, questions? Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 11, please.

MS. FOSTER: So Item 11 is a request to extend the contract for one year to allow the Park Service to conduct a new procurement for the State Park Reservation System. And from the department we have Nita Settina, if I'm correct. Please come up.

GOVERNOR O'MALLEY: Hi.

MS. SETTINA: Greetings. My name is Nita Settina. I'm the Superintendent of the Maryland Park Service. This item, as was just described, extends the contract term by one year to allow the Maryland Park Service time to conduct a new procurement for services associated with our reservation contract with Active Network. Active Network provides online and call center services, 66,000-plus transactions annually, so that citizens can reserve one of over 2,300 campsites, 140 cabins, 126 picnic pavilions in our State Parks across Maryland. The contract generates \$5 million in revenue for State Parks. And visitors pay a transaction fee, which is passed through to Active Network, for the convenience of the reservation system.

COMPTROLLER FRANCHOT: Okay, thank you very much for that. And I take it this is the fifth year of the contract with this company?

MS. SETTINA: Correct.

COMPTROLLER FRANCHOT: And the contract expires at the end of this month?

MS. SETTINA: Correct.

COMPTROLLER FRANCHOT: And this is the last Board of Public Works meeting of this month so we either have to vote for it or stop the service.

MS. SETTINA: Correct.

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COMPTROLLER FRANCHOT: How does that happen under your management?

MS. SETTINA: There was a discrepancy identified between the contract date and the Board item. And in the contract modification the department pursued some additional negotiations with the vendor to improve security for information technology; to allow the vendor to add an at work, or at home agent services for the reservation system in addition to the call center; and over a period of months there was some additional negotiation back and forth with the vendor who wanted to change the terms of the liability of the contract. And unfortunately that did delay the final contract modification agreement, was that back and forth process.

COMPTROLLER FRANCHOT: Okay. Well I feel better than I did yesterday when this was a three-year extension, and I applaud the Secretary or you, whoever reduced it to a one-year contract extension. That, I go from highly uncomfortable to just uncomfortable to just uncomfortable. So you understand obviously that it's a big idea that you are presenting, to integrate everything onto this platform. I applaud that. But I guess the explanation seems a little soft as to why we're being presented with it now, which is obviously impossible to oppose because the next meeting is January 7th.

MS. SETTINA: Correct.

COMPTROLLER FRANCHOT: So I guess, I'm not sure Madam Secretary whether this counts for T for trouble, or whatever. But how, how exactly does this happen? I heard the explanation but it strikes me as I guess unresponsive. I don't, I don't understand the justification for something like this being presented like this. I guess, and I like the one year rather than three years, but it sure seems like a bad way to do business.

MS. SETTINA: It wasn't our preferred approach, certainly. I agree with you.

GOVERNOR O'MALLEY: Anything else on Department of Budget and Management Agenda items? 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. We move now to the University System of Maryland.

MR. EVANS: Good morning, Joe Evans representing the University System of Maryland. We have eight items on the Agenda. We're here to answer any questions.

GOVERNOR O'MALLEY: Any questions?

COMPTROLLER FRANCHOT: Oh, is that -- yeah, I, I made a mistake, Governor. Could I possibly go back to an item on the DBM schedule?

GOVERNOR O'MALLEY: Uh oh, hold on. We're going back to DBM. Hold the presses. Sure, which item? Do you want to talk about it or vote on it again?

COMPTROLLER FRANCHOT: I want to ask the Secretary a question about it if --

GOVERNOR O'MALLEY: Okay. Well we may go back and vote on it again. And we'll, and I'll figure out how we do that once we get done with the questions. Can you tell us what item it is?

COMPTROLLER FRANCHOT: It is item number eight.

GOVERNOR O'MALLEY: Item number eight. Is anybody in the hallway that can't hear this on Item 8, come back.

MS. FOSTER: Okay. So Item 8 is a contract to develop and administer the Maryland School Assessment in Science for grades five through eight, in both for paper and the online format. I know Kristy Michel is here.

GOVERNOR O'MALLEY: Ah. There we go.

MS. MICHEL: Good morning.

COMPTROLLER FRANCHOT: Welcome. Sorry to pull you back from the hallway. But my question on this is Pearson is the company doing the Common Core work for us. And there is a lot of brouhaha around the country

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that these folks have somehow been able to construct a scenario where even in these competitive bids they are drafted in such a way that Pearson always ends up with the contract. And here I see Pearson emerging again. You know, it's a wonderful Iowa company. But what exact, are you, can you absolutely assure us that there is nothing in those RFPs that is, or your relationship because you have very strong relationships with them, that's favoring them in any way that results in them just turning up all the time?

MS. MICHEL: Yes. And I can assure you --

COMPTROLLER FRANCHOT: Thank you.

MS. MICHEL: -- that I asked the same question myself because I want to make sure that we are in no way doing that. I can tell you we got four bids for that, the RFP that we released. Pearson was by far the cheapest. They were the least expensive by about \$4 million and they also were our number one technical ranking. But we do not believe that in any way the RFP was drafted in a way that Pearson would be favored.

COMPTROLLER FRANCHOT: And are you following these contract disputes out in Arizona or New Mexico and elsewhere that allege just the opposite, which is, yeah, it looks like a competitive bid but it really isn't. And I'm not going to get down in the weeds on that because it's complicated. But if you could in addition to the technical and finance part of it make sure that this is, the bones of the RFP are not slanted well-intentionedly in favor of the incumbent?

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MS. MICHEL: Absolutely.

COMPTROLLER FRANCHOT: Thank you.

MS. MICHEL: Thank you.

COMPTROLLER FRANCHOT: Thank you, Governor.

GOVERNOR O'MALLEY: Thank you. Anything -- okay, so no need for a new vote on that. We're back on the University of Maryland. Any questions, University of Maryland? Hearing none, 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. We move on now to the Department of Information Technology.

MR. URBAN: Good morning, Madam Treasurer, Mr. Comptroller, Governor. We are withdrawing Item -- I'm Greg Urban with the Department of Information Technology. We are withdrawing Item 13. I have 12 items on the Agenda and we would be happy to answer any questions you might have.

TREASURER KOPP: Is it number one? I have a question about number one.

MR. URBAN: Sure.

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TREASURER KOPP: But it's not really the IT question, it's the substantive question. The -- MPT? This is the MPT allowing use of their tower? It's a small question. But they, they've decided to escalate it three percent when the rule of thumb is four percent and I'd just like to understand why? Somebody is getting up over there.

MR. URBAN: I believe we have someone to answer that question from MPT.

MR. BENEMAN: Good morning.

TREASURER KOPP: Good morning.

MR. BENEMAN: George Beneman from MPT.

TREASURER KOPP: It's not that much money but why would you, why would you get less money than the rule of thumb would have us do?

MR. BENEMAN: T-Mobile had, was our original client on the tower.

TREASURER KOPP: Mm-hmm.

MR. BENEMAN: We've been through the first term of the contract, which was 20 years.

TREASURER KOPP: Mm-hmm.

MR. BENEMAN: We're renewing. We have renewed at a higher term than before but we kept the --

TREASURER KOPP: Escalation?

MR. BENEMAN: -- the escalation of three percent instead of four percent.

TREASURER KOPP: And my question is why?

MR. BENEMAN: They were not accepting of the four percent. And we did, we did increase their rate, and at the end of the term will be, the dollars will be the same as had we gone to four percent. So we have a 25 percent increase in rate over the same term. And we're looking at a lot of these cellular companies that we're not even sure they're going to stay with us for the full 20 years anymore.

TREASURER KOPP: Well on what basis does IT use four percent? I assume it's DoIT sets four percent? I just --

MR. URBAN: We had just established the rates --

TREASURER KOPP: No, MPT did.

MR. BENEMAN: Well we --

TREASURER KOPP: Sorry.

MR. BENEMAN: We have been, prior to these agreements we had been at three percent. We have escalated as many contracts coming in at four percent. We negotiate with the vendor. We were able to increase the rate. We were not able to increase the percent from three to four percent.

TREASURER KOPP: So you just couldn't, you couldn't negotiate it?

MR. BENEMAN: We negotiated a higher monthly rate --

TREASURER KOPP: Yeah, no, I heard, I heard.

MR. BENEMAN: -- yes, but we did not, did not go, were not able to go that extra percent.

TREASURER KOPP: Well --

MR. BENEMAN: That was part of the deal breaker in order to keep them.

TREASURER KOPP: And it's not that much money but it seems to me if you set out criteria and you set out your process and rules, it's too bad you couldn't achieve them. Thank you.

MR. BENEMAN: Mm-hmm.

COMPTROLLER FRANCHOT: So could we go back to Item 3? Are you through with that item?

TREASURER KOPP: Yes. Thank you.

COMPTROLLER FRANCHOT: Okay, Item 3 from my understanding is we're being asked to approve a \$25.4 million, eight and a half year contract to Xerox for the overall administration of a web-based electronic benefits transfer system that serves 40,000 low income Maryland residents currently receiving public assistance. Technically it's only a four and a half year contract with a pair of two-year options, but honestly those options from my experience tend to be picked up almost a hundred percent of the time.

So anyway, what strikes me is that this is another single bid contract, one that will be in effect for nearly a decade and will pay the vendor over \$25 million. First and for the record, is Xerox the incumbent vendor on this contract? And if so, how long has Xerox held this particular contract?

MR. URBAN: I'm going to ask Secretary Ted Dallas from DHR -

-

COMPTROLLER FRANCHOT: Oh, great.

MR. URBAN: -- to come and speak to the item.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR O'MALLEY: What's the item number again? Item number --

COMPTROLLER FRANCHOT: Three.

SECRETARY MCDONALD: 3-IT.

GOVERNOR O'MALLEY: Item number three, thank you.

MR. DALLAS: Good morning. I believe the question was how long has Xerox, Xerox is the incumbent vendor --

COMPTROLLER FRANCHOT: Mm-hmm.

MR. DALLAS: -- and they have held the contract I believe since 2007. 2007.

COMPTROLLER FRANCHOT: Okay. So when you asked the vendor community after the fact why they opted to take a pass on this particular

contract, because Xerox was the single bid, one of the factors that was discussed was the specifications set forth in the contract, that they were too unclear and too restrictive.

MR. DALLAS: Mm-hmm. So there --

COMPTROLLER FRANCHOT: That seems like a contradiction but --

MR. DALLAS: So there --

COMPTROLLER FRANCHOT: -- is there anything to that critique?

MR. DALLAS: So there are, there are two vendors that provide this service nationwide. So of the 50 states there are two vendors that do it. There are actually three, but one announced that they are exiting the business so we are down to two providers. The provider that did not bid, we asked them why they didn't. I was concerned when we only had one, one response. They said the two main reasons they did not submit a response was the MBE goal was too high. Based, it was set at ten percent down from 14 percent in the previous bid. The current vendor is hitting the, the 14 percent or is pretty close to it and it has agreed to hit the ten percent. And the other reason was that they did not want to pay the Living Wage requirement that was under law in the bill. So they wanted, they are based in Arkansas, the other provider that didn't submit a bid. So they wanted to pay wages that were lower than the Living Wage requirement.

COMPTROLLER FRANCHOT: And the, your judgment nonetheless given the lack of competition is that the financial offer submitted by Xerox was, quote, fair and reasonable. What do you base that judgment on?

MR. DALLAS: A couple of things. The, over the base term of the contract, the four and a half year term of the contract, the pricing at the transaction level we have now will save us about \$1.4 million over that four-year base. Xerox also offered to provide that pricing to us three months earlier than they are required to under the contract. And then finally we looked at other states and we put out requests to other states about what their pricing is for their current contracts. We heard back from I believe it was 12 or 13 of them and in every case the price that we have from Xerox for this particular round is lower than what those other 12 or 13 states are paying.

COMPTROLLER FRANCHOT: Okay. But we don't really know for sure because no one else bid. But that's just a, I guess a philosophical point that I have. But based on what you said, I assume that Xerox is going to have this contract for life?

MR. DALLAS: I don't think so. I think that when you get into a business like this --

COMPTROLLER FRANCHOT: Uh-huh.

MR. DALLAS: -- it's becoming more and more commoditized. Which means it has gone from a high value, high margin business, to a thinner

and thinner one. They are competing more and more on price. And I think that as, as successive rounds go you'll see in the future this is something as technology advances and all those things that you'll have fiercer and fiercer competition on price. I think that, I appreciated what the other vendor had to say about not wanting to bid because of MBE requirements and Living Wage requirements. But there is not a lot that can be done about that, nor do I think it's something we'd want to sacrifice in terms of awarding the contract.

COMPTROLLER FRANCHOT: Okay. Well I think, I agree with you. I think it's a fast changing environment that we're dealing with. Why in the world would we suggest tacking on a four-year extension to this contract with the options?

MR. DALLAS: I believe there are two --

COMPTROLLER FRANCHOT: If, in fact, as you say, it's a fast changing environment where there could be competition --

MR. DALLAS: Well, that's exactly what they are. They're options. They are two two-year options. They are there should whoever is in charge of the agency at that time want to proceed with that. But they are options. They are, testing the market is always a good idea but they are there for convenience for the State if depending on what things look like four years from now, which I can't say with great certainty.

COMPTROLLER FRANCHOT: Yeah but, I mean, maybe you are accustomed to not exercising options. Is that generally what the, your department does?

MR. DALLAS: I'm, I'm always --

COMPTROLLER FRANCHOT: And rebid this?

MR. DALLAS: I'm always in favor of getting the best deal for the State. And whether that's an option or it's going out to bid, I think it's a lot of cases it's going out to bid. And if you go out to bid I'm always in favor of doing that if we can get a better deal.

COMPTROLLER FRANCHOT: And you remember a number of instances where you've turned down options and gone out to the market with an RFP? Because I don't, they don't jump off the page. But that's maybe my bad memory.

MR. DALLAS: Well I mean there --

COMPTROLLER FRANCHOT: Is there --

MR. DALLAS: -- there are a bunch of reasons that you can make decisions about whether to go out to bid or not. So, I, none leap to mind but I'm sure we could find a couple if we had to.

COMPTROLLER FRANCHOT: Well I'm more comfortable approving this without the options. Would that interfere with your contract?

MR. DALLAS: I believe that was, I believe that would create procurement problems. We put an RFP out and everybody bid or didn't bid based on those options. So.

COMPTROLLER FRANCHOT: What's the bad things that would happen if the options were eliminated?

SECRETARY MCDONALD: Do you want the procurement advisor, well the procurement advisor --

MS. CHILDS: Well sir, the options would be coming back to the Board of Public Works before they are exercised anyway because they exceed the, the Board approval threshold. So you would have some discretion at that point.

MR. DALLAS: And in addition to that, I mean, based on the only other vendor that is in the business saying they, they didn't bid for two reasons that I don't think we can change in the RFP, I think it's unlikely you'd get a different result if you rebid it. Unless we were to lower the MBE requirement or to -- I don't even know if we can waive the Living Wage requirement.

COMPTROLLER FRANCHOT: Yeah, that's what I mean. It's a contract for life. Seriously. I mean --

MR. DALLAS: I think it's, well to be, I don't think, I don't think that's right. I think that it's not a contract for life. I think the other provider has to decide whether they want to compete and do business in the State of Maryland

under the goals that we have set as a State. And if they want to do that, they can do it. No one is stopping them.

COMPTROLLER FRANCHOT: So respectfully I'm voting no on this.

GOVERNOR O'MALLEY: Okay. Let's call this one separately.
Treasurer, any questions?

TREASURER KOPP: Were those all the questions on the IT?

GOVERNOR O'MALLEY: Yep.

COMPTROLLER FRANCHOT: For me, I think. Unless --

GOVERNOR O'MALLEY: Is there anything else on the DoIT
Agenda?

COMPTROLLER FRANCHOT: Oh, no. I did have, I did have
another item.

GOVERNOR O'MALLEY: Okay.

COMPTROLLER FRANCHOT: Thank you, Madam Treasurer.

GOVERNOR O'MALLEY: Maybe we'll call all of them
separately.

COMPTROLLER FRANCHOT: Yeah. Geesh. Sleeping dogs lie.
Item 7? So Governor, is it okay if I ask a question?

GOVERNOR O'MALLEY: Yeah, go wild.

COMPTROLLER FRANCHOT: Good. We're being asked to approve a contract to the Elections Systems and Software for, LLC, for a new statewide voting system with voter verifiable paper record of each voter selections at a cost of more than \$28 million. As I understand it this is part of the legislation passed by the General Assembly in 2007 and which directed the State Board of Elections, I see the head of the State Board of Elections is with us today, welcome, Ms. Lamone, to select, certify, and implement a new statewide paper based voting system to replace the current direct recording electronic voting system, or what's known voter verifiable paper record. Obviously I am a major proponent of a paper trail in elections. As both a citizen and someone who has been on the ballot in nine different election cycles I think that this speaks to the integrity of the voting process. And nothing in our democracy is more sacred than that.

So I guess my question might be for Ms. Lamone. My understanding is that this new voting system will be in place and ready for use during the 2016 Presidential Election cycle, is that --

MR. URBAN: I'll invite Ms. Lamone up to the, speak on that.

MS. LAMONE: Thank you very much. Linda Lamone, Administrator of Elections. Good afternoon, or good morning. Yes, that is the legislative mandate.

COMPTROLLER FRANCHOT: Great. So my understanding is that what we're approving amounts to a six-year capital lease for this hardware assuming the options are picked up, and my understanding based on what I've heard is that the plan would be to change the hardware every two to four years, or every election cycle or two. Is that the --

MS. LAMONE: No, that's --

COMPTROLLER FRANCHOT: -- the stated plan?

MS. LAMONE: No, that's not correct.

COMPTROLLER FRANCHOT: What, what is the plan or the anticipated --

MS. LAMONE: The base contract is two years and two months, with two two-year options for a total of six years. And, and the intent is to lease the equipment and use it perhaps for six years but perhaps for less. If I could explain the philosophy here behind this procurement, I asked the bidders to propose both a lease and a purchase. And I did that because I wanted to have the flexibility and financing, have the flexibility in taking advantage of technological advances, and most importantly more competition.

The voting system industry is a fast evolving industry. I'm pleased to announce that the U.S. Senate last night confirmed finally the appointment of three of the four commissioners to the Election Assistance Commission, which

will mean that the 2005 voting system standards will finally be updated to reflect the future of voting systems.

We got four proposals for both a lease and a purchase, and two of them were deemed by me to be unresponsive because they had not yet met the federal certification requirements. And so we are in the process now of moving forward with the lease. My intention of doing a lease is that when, and I'm, it's my firm belief that in the very near future there will be other ways of conducting elections. And I did not want to put the State in the position of an outright purchase of voting equipment which would then lock us into that voting equipment for 20 years or more. So that was my basic philosophy behind it. By having a base period and two options we are able to put ourselves in the position of not exercising one or both of the options and moving forward with what is presented to, from the industry to the voting public.

COMPTROLLER FRANCHOT: Okay. So thank you for that. And the \$28 million expense we're voting on today, does that include transition costs associated with training, training of election judges and local elections boards and all the, the --

MS. LAMONE: It does not.

COMPTROLLER FRANCHOT: Does not?

MS. LAMONE: It does not.

COMPTROLLER FRANCHOT: What's the estimate for that?

Also the change in the hardware, of course.

MS. LAMONE: I'm sorry, what, I didn't, I missed the second one?

COMPTROLLER FRANCHOT: Changing the hardware, which is going to be a cost also with the transition.

MS. LAMONE: We put in our budget request \$2.2 million for voter outreach. That is the most important extra cost that we're going to have.

COMPTROLLER FRANCHOT: Mm-hmm.

MS. LAMONE: Because obviously our voters in Maryland are used to voting on the touch screen system. Some of them have done so since 2002. So they're going to have to be educated on how to use the new voting system and importantly that education is going to occur in the very busiest election that we have, which is the Presidential General Election.

The poll worker training and the training materials that will have to be done are all done in house. There's no additional cost to do that. We already have the budget and, and contract teams in place for the other things, including transportation, project management, and so forth. So the biggest additional expense other than I think booths and carts, which I don't believe will be that much money -- if I could look at my team to get a confirmation of that. The voter outreach will be the biggest outlay.

COMPTROLLER FRANCHOT: Okay. So in 2016 the average voter is going to vote by paper --

MS. LAMONE: Correct.

COMPTROLLER FRANCHOT: -- with an optical scanner. And then there are going to be a relatively small number of electronic voting machines for people that are blind or have arthritis or have other disabilities, I take it?

MS. LAMONE: Yes. The plan is for early voting the technology that we're presenting to you has a touch screen type system but it produces also the paper ballot.

COMPTROLLER FRANCHOT: Mm-hmm.

MS. LAMONE: And for early voting we're proposing to use that system in all the early voting centers because it is, it will allow us the, sort of the advantages of the touch screen system with the poll books in that we don't have to supply preprinted ballots of every ballot style to each of the early voting sites.

COMPTROLLER FRANCHOT: Mm-hmm.

MS. LAMONE: With the, I'm using the wrong technology, but with the touch screen/paper unit the poll books will tell the voting unit what ballot to present to the voter. So that will save a considerable amount of time and effort with the paper ballots. And then on Election Day each precinct will have at least one of those because they are the ADA, ADA equipment. And then a precinct scanner will be present to take care of the paper ballots voted on by the voters.

COMPTROLLER FRANCHOT: So just to help me understand, what's going to face the voters in the 2016 Election as far as the number of machines? Are they going to be the same number of machines that are, obviously the electronic voting machines are limited in number.

MS. LAMONE: Well we, I'm not sure we have determined the exact allocation per early voting center of the units. We're at, what we're trying to do is estimate, and I don't have the, Mr. Comptroller, I don't have the exact number of voting units at the tip of my hand. I can get someone up here that does. But it will be a different looking polling place, that's for sure.

COMPTROLLER FRANCHOT: Uh-huh. I'm under the impression that Virginia recently underwent a similar procurement for voting technology. Do you know if our cost is comparable to theirs, or if they opted to buy or lease the equipment? And do they, have they done anything which frankly is a better deal for the taxpayer or disrupts less the inevitable switch over or transition to these new technologies?

MS. LAMONE: Virginia has done nothing other than the Governor has announced his intention to buy a statewide voting system and his intention to sell bonds to finance it. He has not presented it to, a budget to the General Assembly yet. And there's no procurement at the moment.

COMPTROLLER FRANCHOT: That's great. No, I appreciate that. And then just following up on your earlier point about leasing rather than

purchasing, I didn't quite understand how you reached that conclusion that leasing the equipment was in the best interests of the State. You said you anticipated something different coming down the road that would be I guess some kind of change in voting? What, what is that --

MS. LAMONE: We, under the federal system, the Election Assistance Commission and the Help America Vote Act, the federal government is charged with establishing standards that the voting systems must meet --

COMPTROLLER FRANCHOT: Mm-hmm.

MS. LAMONE: -- i.e. do they count correctly.

COMPTROLLER FRANCHOT: They what?

MS. LAMONE: Do they count correctly is, would be a simple --

COMPTROLLER FRANCHOT: That would be good.

MS. LAMONE: -- standard. Yes, that helps. Those standards were developed back in around 2003-2004, adopted by the EAC effective for 2005. They have never been upgraded, updated. So the voting system manufacturers have never had anything to guide them in the development of new technology. Some of them are trying to be innovative and hoping that they will pass the federal standards. But we have nothing there to measure, for them to measure against right now. With the reconstitution of the Election Assistance Commission the process for updating those standards now will begin. And we're, I'm hoping that when those standards, that when the manufacturers see the

evolution of those standards they will start building to what they expect and we will have better ways of delivering the election to our citizens. And I wanted to put the State in the position of taking advantage of that. And the lease, at least my understanding, is less costly over the long run than the purchase would be.

COMPTROLLER FRANCHOT: Okay. Thank you for your responses.

MS. LAMONE: You're welcome. And Governor, may I take just a minute of personal privilege and introduce my team?

GOVERNOR O'MALLEY: Absolutely.

MS. LAMONE: Would you guys stand up? This is, these are members of my team that worked on this procurement from the State Board of Elections and worked really hard. And then LuAnne Blake, would you stand up please? LuAnne is from the National Federation of the Blind and was one of our evaluators for the procurement. And then I believe there are two gentlemen here from ES&S, where did you guys go? They're in the back there. I just wanted to introduce them and thank everyone for their hard work. It was a lot of work to get this together.

GOVERNOR O'MALLEY: I see. Well yes, Ms. Malone, thank you for all your leadership and that of your entire staff.

MS. LAMONE: Thank you.

GOVERNOR O'MALLEY: And we've been together now through I guess four different election cycles, and no human endeavor is ever perfect but you have run very good elections here over these last four cycles. And I think that all of us as citizens are, should be appreciative of what you've done. I know I am, and I want to thank you.

MS. LAMONE: Well, and let me say how much I appreciate your support over the years, and wish you every best for the future.

GOVERNOR O'MALLEY: Thanks a lot. Thank you, guys.

MS. LAMONE: Thank you. Any more questions about that? Thanks.

GOVERNOR O'MALLEY: Questions? Okay. Do we want to, any, anything more on the DoIT? One we, what was the one we want to do separately? The first one, right? Yeah, I mean the 3-IT?

MR. URBAN: 3-IT, DHR's?

GOVERNOR O'MALLEY: Yes.

TREASURER KOPP: Yes.

GOVERNOR O'MALLEY: So let's call that one. Any, anything further on 3-IT? The Governor moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye." All opposed? The Comptroller votes no for aforementioned reasons which are part of the record.

The balance of the DoIT Agenda items, 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. We now move on to the Department of Transportation.

MR. SMITH: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Jim Smith on behalf of MDOT. MDOT is presenting 21 items. We'll be happy to answer any questions.

GOVERNOR O'MALLEY: Any questions, Department of Transportation? Okay. 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. We move on now to the Department of General Services. Should I do this at the beginning, Al?

MR. COLLINS: Yes, sir, if you don't mind. Governor --

GOVERNOR O'MALLEY: Okay.

MR. COLLINS: -- could I just introduce -- Al Collins, Department of General Services. Before I introduce our main, our main Agenda I'd like to beg the Board's indulgence and let me introduce, and certainly one person has a few comments he'd like to make to the Board. But two guys who are the happiest people I know in the room today, and today is their last day of required service on behalf of their, on behalf of the State. Both of these guys have done outstanding work.

Let me introduce Mr. Jorge Austrich first. Who I really can't claim him. I borrowed him on a loan program with the Department of, with DBED. And he has been with me two years and he's done outstanding work providing leadership to the Minority Business Enterprise Program and also the Small Business Reserve Program. We have struggled with that, Governor, as you well know, thanks to your leadership, and certainly to GOMA, and we have made tremendous progress. But we could not have made that progress without Jorge, who I borrowed from DBED.

GOVERNOR O'MALLEY: Good.

(Applause.)

MR. COLLINS: And Governor, I just wanted to mention many of the minority programs that you hear about, especially the Hispanic programs, they all started with that guy. I didn't know that myself until recently. So he has been an outstanding servant for many years, and certainly the last two years he did

outstanding work for me. I couldn't convince his wife to give me another year. So he has to move to Florida.

GOVERNOR O'MALLEY: Well Jorge, thank you. I know we've seen a huge increase and we really, really saw a progress. Thank you.

MR. COLLINS: Governor, the second guy is my Deputy Mr. Bart Thomas. Forty-seven years, 47 years he has given to the State.

(Applause.)

MR. COLLINS: Governor, I might add that the department, Bart's 47 years, the last, last five as Assistant Secretary, and finally my Deputy. I could not have asked for a finer individual. And we have endured the jokes of the staff. They would say what is that coal miner mean in Bart and that farmer mean in me up to now. And I think we have done some outstanding service. Bart, I want to thank you on behalf of the department and certainly for your, your continuous service throughout the State.

MR. THOMAS: Thank you. As you know, I'm Bart Thomas. I appreciate being here today. And I appreciate that. I would rather just have walked out and went home, even from work, but the Secretary wouldn't allow me to do that.

I do want to take a minute to say that yes, it's 47 years from a wet-eared high school kid to a gray-haired grandfather. The State has paid my way. Thank you very much, Comptroller and Governor. It's been great and it's now

going to pay for my retirement. But I want to say to the Board, it has been great working with the Board staff. They have always been fair, understanding, and we have been able to work together for years. It's absolutely fantastic when you have a working relationship instead of an adversary relationship.

And for the Board members, Governor, I've, as I've been here 30 years going to the Board meetings, back to when Louis used to do the behind the scenes stuff, and you'd come out the next day and everything was fine. I have done that many times. But now you have changed and made it such a progressive Board that anybody that wants to come to the Board of Public Works to speak you have given them an opportunity. They have always had that opportunity as an individual to say what they wanted to say. Whether it was relevant or not, they said it.

(Laughter.)

MR. THOMAS: I loved Arnold. Arnold used to come in and go off on his spiel, but you let him have his opportunity. That, that was very great of you and I, I appreciate that. And I watched it progress.

Comptroller, I thank you for the taxpayers. I'm going to be a civilian taxpayer and I appreciate you watching the purse strings. I feel like I'm being released. I'm going back to Cecil County. And, and everybody here should know that the reason I'm standing here today is because of Jerry. Jerry hired me back in 1988, took me from Transportation to, to his place, and I've been there

ever since. And when I was promoted to Deputy I wrote him a little note saying well guy, 27 years ago you brought me in and now I replaced you at the department.

Madam Treasurer, it's been great working with you. As I sit back and watch, as I told the Secretary earlier, each one of you have your own way of doing things. And you were so knowledgeable of a lot of locations. And a couple of weeks ago you talked about riding the *Mayflower*. No, you didn't ride the *Mayflower*, Louis rode the *Mayflower*. You went visiting. But just knowing what you visited throughout the State and the historic places that you talk about, just your knowledge of that is tremendous to me because I sit back and just how do you know all of that stuff? Yes, we've been around a while, but how do you know that? And you have a great staff.

The Secretary talks about doing great service, and yes, that is our motto. That's why we wear our pin. This is our badge of honor. We want to give you a badge on behalf of the Secretary and I, each one of you.

COMPTROLLER FRANCHOT: Oh, great.

MR. THOMAS: It's not as exciting as the Governor's Coin or the Comptroller's --

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR O'MALLEY: Awesome, thank you.

MR. THOMAS: -- but we want to give you that and make you official members of the Department of General Services. So you all get to come in and take over my place. It will take three of you, I'm sorry to tell you.

(Laughter.)

(Applause.)

MR. THOMAS: I don't mean to take up your time, but you gave me a moment to come up here. I was at the office at 5:15 this morning waiting for the garage to open and it's my last day, and I've done that for the last five years because I want to be there first, I want to be there last. And with my boss we are very progressive. We have had a great, great run at the department. With the Secretary the department has come in the forefront and we thank you, the Governor, because of what you have done, and what this Board has done. You, you have allowed us to progress to becoming a major department. So with that, I thank you. I'm going to go home to Cecil County tomorrow. I'll still be around for two weeks on payroll, but I told him I'm not going to look at my Blackberry every five minutes.

(Laughter.)

MR. THOMAS: Thank you very much.

GOVERNOR O'MALLEY: Thank you.

(Applause.)

GOVERNOR O'MALLEY: Bart, we have a, we have a citation for you so we'd like you to come on around here. We'll do a picture right quick. Come on up here.

So be it known, on behalf of the citizens of Maryland in recognition of your more than 46 years of dedicated and outstanding service on behalf of the State of Maryland and its citizens, and appreciation of the high standards of professionalism, expertise, and commitment you have demonstrated throughout your distinguished career of State service, and -- there you are -- and your contributions to the Department of General Services, the people of Maryland join in offering a well deserved tribute to honor you on the occasion of your retirement and thank you for your meritorious service to our State. Signed, Yours Truly, along with Lieutenant Governor Brown, on this 17th Day of December, 2014.

MR. THOMAS: Thank you.

GOVERNOR O'MALLEY: Bart, thank you.

(Applause.)

MR. THOMAS: Thank you. Thank you.

GOVERNOR O'MALLEY: Bart, thanks a lot. Jorge, you should come up here as long as we're in a picture. We'll give you a citation after this.

MR. COLLINS: He's what I call a rented employee, Governor, I rented him from DBED.

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GOVERNOR O'MALLEY: And we will get you, who's going to get, K. Large, make sure, Ron, make sure we get a citation for Jorge here. All right, thank you.

MR. AUSTRICH: Thank you.

(Applause.)

MR. COLLINS: Governor?

GOVERNOR O'MALLEY: Yes, sir?

MR. COLLINS: This is in fact what I call the revenge of the baby boomers. They are now leaving and my ship is getting pretty deserted, but we'll continue to, to move forward. Again, I'm Al Collins, the department has 24 items on our Agenda. We have one citizen to visit us today. It's Item 22 in the CGL section. Pastor Weldon Fields, representing that item from Southern Baptist Church in Temple Hills in Prince George's County. Thank you, Pastor, for coming in this morning. I'll be glad to answer any other questions you have.

GOVERNOR O'MALLEY: Okay. Any questions? Okay. It looks like 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. Everybody say
amen.

VOICES: Amen.

GOVERNOR O'MALLEY: Thank you. That concludes our
meeting.

SECRETARY MCDONALD: Merry Christmas. Happy
Hanukkah.

GOVERNOR O'MALLEY: Merry Christmas. Happy Hanukkah.
Happy Kwanzaa. Happy New Year. Happy people.

TREASURER KOPP: Happy Hanukkah.

(Whereupon, at 11:37 a.m., the meeting was concluded.)