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

**June 18, 2014**  
**10:27 a.m.**

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# PRESENT

## **HONORABLE MARTIN O'MALLEY**

Governor

## **HONORABLE NANCY KOPP**

Treasurer

## **HONORABLE PETER FRANCHOT**

Comptroller

## **SHEILA C. MCDONALD**

Secretary of Public Works

## **BART THOMAS**

Deputy Secretary of General Services

## **T. ELOISE FOSTER**

Secretary of Budget and Management

## **WILSON PARRAN**

Deputy Secretary of Transportation

## **EMILY WILSON**

Director, Land Acquisition & Planning, Department of Natural Resources

## **ZENITA WICKHAM HURLEY**

Special Secretary, Governor's Office of Minority Affairs;

## **MARY JO CHILDS**

Procurement Advisor, Board of Public Works

## **MISSY HODGES**

Recording Secretary, Board of Public Works

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## PROCEEDINGS

GOVERNOR O'MALLEY: Welcome to the Board of Public Works. Today is June 18th, and it's June 18th all day.

(Laughter.)

GOVERNOR O'MALLEY: And so we have a decent little Agenda here. I would ask the Treasurer or the Comptroller if they have any opening words?

COMPTROLLER FRANCHOT: Thank you, Governor. And good morning, Madam Treasurer. I hope everyone is enjoying the hot weather we're having.

TREASURER KOPP: No.

COMPTROLLER FRANCHOT: No?

(Laughter.)

COMPTROLLER FRANCHOT: Remember last winter, though? We were hoping for weather like this?

TREASURER KOPP: Oh, it was great.

COMPTROLLER FRANCHOT: But I certainly hope that no one is going to let the hot weather stop you from getting out and voting in Maryland's primary election next week. Election Day, as you know, is Tuesday the 24th. I

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want to remind all the voters listening and watching at home that even if you can't make it to the polls on the 24th, you can still vote in the primary by voting early. Today until 8:00 p.m., tomorrow from 10:00 a.m. to 8:00 p.m., any registered Maryland voter can go to any polling place in the county where you are registered and vote. In fact, this week I have been stopping in a number of early voting sites across our great State to meet voters, thank the poll workers who are volunteering their time, make sure our democracy works the way it is meant to be.

I stopped by the Silver Spring Civic Center Veterans Plaza on Monday, as well as the Jane Lawton Community Recreation Center in Chevy Chase. Yesterday I dropped in at the old Pimlico Middle School in Baltimore. Today I'm going to be visiting Pip Moyer Community Center right here in Annapolis and the Randallstown Community Center in Baltimore County, as well as the Bloomsbury Community Center in Catonsville and the Double T Diner in Baltimore. The Double T Diner is not a voting place --

(Laughter.)

COMPTROLLER FRANCHOT: Tomorrow I'll be visiting the Curry Complex in Landover. We have made great strides to make voting more convenient for everyone and I obviously salute the Governor in this context. There is absolutely no reason for anyone not to vote in this important election. It's a civic duty, I feel, it's a solemn obligation. I'm stunned when people say

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they are not going to vote for some reason. I hope everyone will take time out of their schedules for the sake of our democracy. And I salute the 90,000-plus Marylanders who apparently have already voted early as of 8:00 p.m. last night.

GOVERNOR O'MALLEY: Okay. Madam Treasurer?

TREASURER KOPP: Good morning. It's a pleasure to be here.

As you know, I just returned from a visit to Israel meeting with some finance and investment folks over there. I'm still digesting it. I'll report on it when I figure out exactly all the things that we learned. But I must say, we clearly have a strong partner in Israel. We do a lot of high tech business. There are a lot of high tech innovative companies over there and we want to bring them here to Maryland bring our products over there. Some very interesting, Governor you will be interested in this, some very interesting experiments with things like a new form of battery so that you can use new energy, green energy, wind, solar, and store it, which is the big problem with that.

GOVERNOR O'MALLEY: Mm-hmm.

TREASURER KOPP: Desalinization, reuse of gray water, a lot of exciting things going on over there. But all said, it's a pleasure to be home and to be here. And I look forward to voting on Election Day --

COMPTROLLER FRANCHOT: Yes.

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TREASURER KOPP: -- which to me is a very special day. And neighbors get together. It's only at the polls and at the DMV when you are --

(Laughter.)

TREASURER KOPP: -- we all mix together. It's great.

GOVERNOR O'MALLEY: -- what St. Francis said.

COMPTROLLER FRANCHOT: I will say at yesterday's Board of Trustees meeting of the Retirement System that the Treasurer so ably chairs, she had literally just gotten off a plane and so the jet lag was obviously significant. But she told me afterwards that she conducted the meeting with her eyes open, she was sound asleep the whole meeting.

(Laughter.)

TREASURER KOPP: Actually Peter and I had a colleague, a dear colleague, Alex Bell --

COMPTROLLER FRANCHOT: Yep.

TREASURER KOPP: -- from Montgomery County who in my first term in the Legislature I sat next to, I sat next to him on the floor. And he spent four years trying to teach me how to sleep with my eyes open.

(Laughter.)

TREASURER KOPP: He perfected the art.



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GOVERNOR O'MALLEY: All right. So let's begin. The Secretary's Agenda?

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 22 items on the Secretary's Agenda, two reports of emergency procurements. We're prepared for your questions.

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

COMPTROLLER FRANCHOT: Yes. Just on Item 6, Madam Secretary? I know there's --

SECRETARY MCDONALD: Yes. Mr. Davis is here from the Department of the Environment on the Broadband Rural Network. Well, it's a wetlands license for the project to connect the rural areas, which is going to go across the Chesapeake Bay. And Mr. Davis, are you here? Yes. If you want a question for the Department of the Environment, who prepared the report and recommendation recommending this wetlands license for the broadband project, this is Mr. Bob Davis of the Maryland Department of the Environment.

MR. DAVIS: Sir?

COMPTROLLER FRANCHOT: Yes. And I'm very supportive of this, I'm glad you are here. Obviously this is going to let you or the Broadband

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Cooperative lay seven miles of fiber optic cable between Dorchester County on the Eastern Shore and Calvert and St. Mary's Counties in Southern Maryland.

MR. DAVIS: Correct.

COMPTROLLER FRANCHOT: As I understand it, this is a major step toward Maryland Broadband's ultimate goal of providing high speed internet connectivity to rural areas throughout the State.

MR. DAVIS: Correct.

COMPTROLLER FRANCHOT: Additionally, this new conduit will be used by the Department of Defense to connect the Wallops Island Flight Facility down on the Eastern Shore of Virginia with the Naval Air Station at Patuxent River.

MR. DAVIS: Pax River, right.

COMPTROLLER FRANCHOT: Imagine that.

MR. DAVIS: Imagine that.

COMPTROLLER FRANCHOT: The Department of Defense bringing the Eastern Shore and Southern Maryland --

MR. DAVIS: Together.

COMPTROLLER FRANCHOT: -- together in a partnership.

(Laughter.)

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COMPTROLLER FRANCHOT: I'm pleased to support this request. Having spent a great deal of time on the Shore and Western Maryland and Southern Maryland, I can't think of any other investment that is as appropriate as this. This is really, I think, the missing piece for many communities and will allow them to compete in the high tech, information powered economy with the urban and metropolitan areas that obviously already have this. So we will truly be One Maryland after this and --

MR. DAVIS: Sounds good to me.

COMPTROLLER FRANCHOT: It's a good project.

GOVERNOR O'MALLEY: And when is it going to be completed?

MR. DAVIS: Your guess is as good as mine. I have no idea.

GOVERNOR O'MALLEY: Really?

MR. DAVIS: Really. I think a lot of it has already been done in the upland areas. I think usually for this part here it's going to take a little bit longer --

GOVERNOR O'MALLEY: Mm-hmm.

MR. DAVIS: -- I'm assuming because they've got all sorts of --

GOVERNOR O'MALLEY: So you are not with the Cooperative?  
You just oversee the disbursement?

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MR. DAVIS: No, I'm just with MDE.

GOVERNOR O'MALLEY: Got you. So this is just for the permits --

MR. DAVIS: Correct.

GOVERNOR O'MALLEY: -- for them to do the under the creeks and stuff?

MR. DAVIS: Correct.

GOVERNOR O'MALLEY: Okay. I hope they do it carefully. All righty, anything else? All right. The Comptroller moves approval of the Secretary's Agenda, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. And I'd like to know when it's going to be completed, if you can find out, Peggy. I'm not letting that answer sit on the record here.

SECRETARY MCDONALD: We will, yes, we will have the Broadband Project get back to you on that. But that's just --

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GOVERNOR O'MALLEY: No, I don't want, no, I mean like,  
now. I mean --

SECRETARY MCDONALD: Oh, okay.

GOVERNOR O'MALLEY: I mean it, yes, could you make a call?  
Find out when this is going to be completed before the meeting is out. Anybody  
here with that broadband group? No? Boy, they had a lot of confidence in the  
Board of Public Works, didn't they?

(Laughter.)

COMPTROLLER FRANCHOT: I had some nice things to say  
about them.

GOVERNOR O'MALLEY: They might be watching at home on  
their expanded fiber and call in to tell me when it's going to be completed.

(Laughter.)

GOVERNOR O'MALLEY: 410-974-5041.

(Laughter.)

COMPTROLLER FRANCHOT: Oh, that's funny.

GOVERNOR O'MALLEY: I have no idea. What a golden  
moment that was. Matt Power might know, too. Nina, Matt Power might know  
with that, also. Okay, we now go on to Department of Natural Resources. We  
had a great reception last night where we had a whole lot of folks who have been

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responsible for donating 21,000 acres of environmental easements over the course of these last seven and a half years.

MS. WILSON: Right. Through the Maryland Environmental Trust?

GOVERNOR O'MALLEY: Yes, the Maryland Environmental Trust. Good group of people. And they didn't have to do it, they chose to do it, and now their land is preserved in perpetuity, right?

MS. WILSON: In perpetuity, mm-hmm.

GOVERNOR O'MALLEY: Great. So what have you got for us?

MS. WILSON: Thank you. Good morning. Emily Wilson with the Maryland Department of Natural Resources. We do have eight items on our Agenda today. We do have some larger conservation easements today. And generally speaking in the business of conservation quantity equals quality. But we also have some smaller acquisitions representing some very high quality. In particular, Item 6A, which is the Thompson acquisition. This might only be 17 acres but it is a great addition to Green Ridge State Forest. It scored an extremely ecologically significant 120 on our objective scoring system. It's going to buffer 3,000 linear feet of Town Creek while also providing water access for anglers. And we did acquire it at a five percent discount and this was actually from a repeat customer, which is always nice.

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And then also Item 7A, which is the Russell acquisition that we did in partnership with the Conservation Fund. Again, this might only be three acres. But as you will see from the map how important this inholding was to complete the significant acquisition from 2009 from the Corporation of the Roman Catholic Clergymen, where we acquired just about 4,500 acres across the State in three different counties. So this Russell acquisition will be incorporated into the 776-acre Newtowne Neck State Park down in St. Mary's County.

GOVERNOR O'MALLEY: From the Corporation of, what were they called --

MS. WILSON: The Corporation of the Roman Catholic Clergymen.

GOVERNOR O'MALLEY: Of the Roman Catholic Clergymen --

MS. WILSON: Mm-hmm.

GOVERNOR O'MALLEY: -- AKA the Jesuits.

MS. WILSON: Correct.

GOVERNOR O'MALLEY: And they only had, and the only owner prior to the Jesuits was? Not that our Native American brothers and sisters ever, I mean, their use of the word ownership --

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TREASURER KOPP: Different type of ownership.

GOVERNOR O'MALLEY: -- is a different type of ownership. Yes they,  
so they were the first --

MS. WILSON: Right.

GOVERNOR O'MALLEY: -- purchaser with a title --

MS. WILSON: Indeed. Indeed.

GOVERNOR O'MALLEY: -- the Roman Catholic Clergymen.

MS. WILSON: It was a very significant acquisition, really. And  
with --

GOVERNOR O'MALLEY: Which made me wonder why it was  
that the appraiser charged us \$100,000 to do the title search.

MS. WILSON: Touché.

(Laughter.)

GOVERNOR O'MALLEY: I never understood that.

MS. WILSON: But with the Chesapeake Bay agreement, you  
know, being signed on Monday, actually right here, and with you being the Chair  
of the Executive Council, these types of acquisitions actually fit in perfectly with  
two of the goals of the agreement, which are land conservation and water access.  
With the land conservation goal being an addition two million acres Baywide, and  
an additional 300 water access sites across the Bay by 2025. And Maryland's



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Program Open Space, which is extremely important, and we certainly appreciate the importance that you have imparted on that program, will continue to be the major driver in meeting those goals. So thank you.

GOVERNOR O'MALLEY: How many, do we have a schedule of access sites? Like how many we plan to put in by what time frame?

MS. WILSON: Yes. We have, right now the baseline we have, actually Maryland has the most across the Bay. We have 572 water access sites.

GOVERNOR O'MALLEY: Mm-hmm.

MS. WILSON: And then we're looking to get somewhere between an additional 100 or 150 by the 2025 deadline, if not more.

GOVERNOR O'MALLEY: I thought we could accelerate that.

TREASURER KOPP: Emily, can I ask you a question about -- these are great, terrific, I support them no question. A hundred years from now the water level is going to be quite different. Do we look at that?

MS. WILSON: Absolutely, we do.

TREASURER KOPP: How do we do that? How --

MS. WILSON: We do take into account sea level rise when we are doing acquisitions. And we, it's incorporated into, you know, our green and blue infrastructure when we map potential acquisitions out. And anything that looks to have zero to 50 feet sea level rise in the next hundred years has actually

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been taken out of the GreenPrint acquisition. So, but if, we're also looking at sites that would be good for wetland migration, you know, as sea level rise inundates parcels. So we are looking for those ecologically significant parcels as well.

TREASURER KOPP: And this is just a normal part of our, essentially our due diligence when we --

MS. WILSON: Exactly.

TREASURER KOPP: -- embark on these projects?

MS. WILSON: Yes.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: You know, as I look at these, as I look at these in the aerial photography, it seems that, I mean now that we've acquired that piece up in Allegany County --

MS. WILSON: Mm-hmm.

GOVERNOR O'MALLEY: -- it sure looks like it's a huge opportunity for a lot of stream buffer --

MS. WILSON: Exactly.

GOVERNOR O'MALLEY: -- right through there.

MS. WILSON: No question --

GOVERNOR O'MALLEY: Where it used to --

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MS. WILSON: -- and that's exactly what our plan would be. To sort of not only replant but also do natural regeneration along that Town Creek area.

GOVERNOR O'MALLEY: Mm-hmm. I mean, that whole, I'm talking the Thompson property, right?

MS. WILSON: Correct.

GOVERNOR O'MALLEY: Yeah. That looks like a big opportunity for stream buffer. And the other one, even on that St. Mary's property. I mean, I know it's a peninsula, it starts to jut out into --

MS. WILSON: Right.

GOVERNOR O'MALLEY: -- the Bay and the like. But it sure looks like there's greater opportunities for some greater buffer all around that as well.

MS. WILSON: No question.

GOVERNOR O'MALLEY: And especially since we own it.

MS. WILSON: Right.

GOVERNOR O'MALLEY: And Wye Island as well. I mean, to walk around Wye Island, which I think we own all of.

MS. WILSON: Mm-hmm.

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GOVERNOR O'MALLEY: I know we lease it, and I know people want to plow and plant as much as they can. But I mean, if we were talking about hitting the goals on the forested buffer and --

MS. WILSON: Mm-hmm.

GOVERNOR O'MALLEY: -- streams and all of that.

MS. WILSON: Right.

GOVERNOR O'MALLEY: And I think we need to be much more aggressive in taking control of the buffers that we already own and we control. Just because people have always leased them and that's the way it has always been --

MS. WILSON: Right.

GOVERNOR O'MALLEY: -- doesn't mean that's the way it should be for the future. I just, I think we could hit our forested buffer pretty easily with the land that we own.

MS. WILSON: And we did do an exercise some years ago where we looked at our lease acreage across the State and tried to sort of target in on where the best areas across our leased acreage would be to convert over to tree buffers.

GOVERNOR O'MALLEY: Mm-hmm.

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MS. WILSON: So we have done at least a first level exercise on that already.

GOVERNOR O'MALLEY: Can you ask Joe to revisit that?

MS. WILSON: Sure.

GOVERNOR O'MALLEY: And let's see what we have colored in and what we haven't.

MS. WILSON: Okay.

GOVERNOR O'MALLEY: And I know we have on the map, on stream health we have looked at where the buffers are forested and where they are bald all over the State for all sorts of streams.

MS. WILSON: Mm-hmm.

GOVERNOR O'MALLEY: But we need to get all of those green schools, and the kids, and people that care focused in on restoring their buffers in their own area.

MS. WILSON: Right.

GOVERNOR O'MALLEY: If everybody knows where it is, whether it's private land or public land, you know, we have a much better shot once everybody knows.

MS. WILSON: Right. And we are always looking to lead by example, so.

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GOVERNOR O'MALLEY: Yes. Okay. Well that was fun. I  
always like that part of the Agenda.

(Laughter.)

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on to the  
Department of Budget and Management, which is tied for first place as my  
favorite part of the Agenda.

(Laughter.)

MS. FOSTER: Good come back, Governor. Governor, Madam  
Treasurer, Mr. Comptroller, good morning. There are 24 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: By the way, we got the late answer,  
late 2015 is when we expect the Broadband Project to be completed linking up  
Dorchester and St. Mary's Counties. Any questions on Department of Budget and  
Management?

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TREASURER KOPP: I have a question on number 1-S --

MS. FOSTER: Okay.

TREASURER KOPP: -- the Department of Disability. I wondered whether there was anyone here?

MS. FOSTER: Yes, there is someone here. And Item 1 is a contract to provide financial education and coaching to 1,000 youth. And why don't you give your name?

TREASURER KOPP: Can you just in two minutes a background to what will be done?

MS. GINGERICH: Absolutely. So Maryland was the recipient --

SECRETARY MCDONALD: Could you introduce yourself for the record?

MS. GINGERICH: Oh, I'm sorry. I'm Jade Gingerich. I'm Director of Employment Policy for the Maryland Department of Disabilities and also the Maryland PROMISE Director. It's a federal grant from the U.S. Department of Education. We are tasked with recruiting 2,000 youth and families between the ages of 14 and 16 who are on SSI and 1,000 will receive intensive interventions. Amongst the interventions that they will receive is this financial education piece, because part of the goal of the grant is to increase the educational and employment outcomes for the youth and families as well as increase their

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resources. Well in increasing their resources we recognized a need to help them make better choices with the resources that they get. And so we're partnering with the Maryland CASH Campaign to offer that financial education piece in addition to a number of other interventions.

TREASURER KOPP: So you said 2,000 and 1,000. Is this a --

MS. GINGERICH: It's a research study.

TREASURER KOPP: -- experiment, essentially?

MS. GINGERICH: Yes. It's a research study. So 1,000 will be in the control group and will receive nothing different, and then 1,000 will receive a series of intensive interventions.

TREASURER KOPP: And then you will assess the difference?

MS. GINGERICH: Correct. It's a national study that SSA and Mathematica are evaluating. And Maryland is one of six locations. One collaborative out of Utah with a number of the surrounding states; California; Wisconsin; New York; Arkansas; so we are in good illustrative company.

TREASURER KOPP: And how long --

MS. GINGERICH: It's a five-year grant and we were awarded it in October of this past year.

TREASURER KOPP: So when do you expect any sort of findings to come out?



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MS. GINGERICH: We are in the process of recruiting now. We have actually recruited 85 thus far. We just started. So but the findings, they will be starting to take baseline data in August and then there are two other time frames that they will be collecting data and doing the analysis. And the big national analysis will be available after the grant. Because they are actually doing longitudinal research on these individuals past the term of the five years of the intervention. So they will be looking at the unemployment insurance wage databases --

TREASURER KOPP: That's terrific.

MS. GINGERICH: -- social security, and so forth.

TREASURER KOPP: Thank you. I look forward to following up.

MS. GINGERICH: Mm-hmm.

COMPTROLLER FRANCHOT: Madam Treasurer, I'm glad you brought that up. Is Robin McKinney here?

MS. GINGERICH: Mm-hmm.

COMPTROLLER FRANCHOT: Oh, good. Can she come up and join you?

MS. GINGERICH: Absolutely, yes.

COMPTROLLER FRANCHOT: Good morning.

MS. MCKINNEY: Good morning.

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COMPTROLLER FRANCHOT: So I, Governor, have I think voted, I estimated over the last eight years probably 18,000 contracts totaling upwards of \$50 billion when you add them all together. I think this contract, as modest as it is, is one of the best return on investments for the taxpayers that we will see. And I say that even though it is federal money. But this organization that I associated with Ms. McKinney, CASH, it's called Creating Assets, Savings, and Hope. And it is one of the finest organizations in the State. I have worked very closely with them on financial literacy but also protecting Marylanders from financial creditors who are always circling around particularly poor people trying to get them hooked. And, you know, CASH is a really, really valuable organization.

So I am delighted that your agency was able to create a context for them. And I understand, I think, that it's pretty unique as far as all the other states.

MS. GINGERICH: Mm-hmm.

COMPTROLLER FRANCHOT: Because they are all into the traditional intervention, etcetera, etcetera, which I also support. But this concept of teaching people the basics of how to, even with very little money, get control of their lives and have some dignity, God bless you.

MS. MCKINNEY: Thank you so much --

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COMPTROLLER FRANCHOT: Ms. McKinney, it's a fabulous group. And anything you can do to expand, promote, and teach the other states that this is what they ought to be looking at. I'm delighted the Treasurer brought it up and gave me a chance to say it. I didn't say it was the best contract of the 18,000. I just said it was a very, this is what we need more of frankly. And it's not just for these, this population, it's for everybody.

MS. MCKINNEY: Mm-hmm. Thank you so much.

COMPTROLLER FRANCHOT: Is, did I get CASH right?

MS. MCKINNEY: You did.

COMPTROLLER FRANCHOT: Creating Assets, Savings, and Hope?

MS. MCKINNEY: Yes, you did.

COMPTROLLER FRANCHOT: And what more do you need? I mean, really.

MS. MCKINNEY: We need a lot more H these days, I think.

COMPTROLLER FRANCHOT: Yes. But just thank you for what you do. And this study, I will be interested in if you can keep the Treasurer informed. But I just cannot emphasize what you contribute to the State. And I just wish every young person, including my kids, had had exposure to what CASH provides.

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MS. MCKINNEY: Thank you. And we appreciate the support from the Department of Disabilities. They have really been out in front and right from the beginning, as soon as they, you know, were pulling this project together immediately said we want to include this component. So we really appreciate their leadership.

COMPTROLLER FRANCHOT: But isn't this unique? Aren't the other states kind of --

MS. GINGERICH: Yes. It was not a required element.

COMPTROLLER FRANCHOT: Thank you.

MS. GINGERICH: But we added it because we felt it was so critical.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR O'MALLEY: Good job.

TREASURER KOPP: It's great.

GOVERNOR O'MALLEY: That's a lot of people to be helped. Okay. Any other questions on the Department of Budget and Management?

COMPTROLLER FRANCHOT: So I had a question on Item 11.

GOVERNOR O'MALLEY: The Comptroller calls Item 11.

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MS. FOSTER: Item 11 is a contract to study the adequacy of funding for education in the State of Maryland. Kristy Michel is here from the Department of Education. She is their Chief Operating Officer.

MS. MICHEL: Good morning.

COMPTROLLER FRANCHOT: Okay. Thank you for coming up. I guess we're being asked to approve a contract with a cumulative value of over a million dollars for a Denver based firm called Augenblick, Palaich, I think

--

MS. MICHEL: Palaich.

COMPTROLLER FRANCHOT: What?

MS. MICHEL: Palaich.

COMPTROLLER FRANCHOT: Palaich and Associates. For the next three years, or just shy of three years, this firm will conduct a study on the adequacy of current education funding in the State of Maryland. This is in response to a bill that was passed into law that I voted for nearly ten years ago, and I assume that the Treasurer, if she was there, did --

TREASURER KOPP: No, I wasn't there.

COMPTROLLER FRANCHOT: Wasn't there, anyway. So she doesn't have to -- but all of us support. I'm going to assume it was the Thornton

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Bill, which required us to come back ten years later with a follow up study to see if funding in public education was at adequate levels.

So let's just pause for a moment. We're spending a million dollars of taxpayers' money on a consultant study to determine whether we are putting enough money into the classroom for our kids.

I have visited over 200 schools. As your Comptroller I can tell you right now that we do have a lot of unmet needs in our public schools. I can think of several better things to do with a million dollars than hand it over to an out of state consultant for a three-year study that we already know the answer for. A million dollars could give hundreds of elementary school children and teachers the air conditioned classes they need and deserve. Think about being in an air conditioned classroom today. Thank God a lot of the systems have released their kids. But I'll bet there are some that are out there that haven't. A million dollars could buy a lot of computers, smart boards, tablets, and other supplies that teachers desperately need to teach their students effectively in this day and age. It could pay for a lot of new windows, fresh paint, good old-fashioned power washings, all of which would go a long way toward improving the appearance of some of the older schools in the State and give our teachers, students, parents, and volunteers and much needed morale boost, a sense of pride. And I can assure you that a million dollars would go a long way toward providing sworn police officers

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in schools throughout the State so that children could feel safer inside their own classrooms and parents could maybe feel a little bit better about dropping them off.

But no, we're going to take a million dollars that we can't afford to waste and give it to a consultant who is going to spend three years on a study that will at the end of the day give us some obvious predetermined conclusion. How many employees do we currently have at MSDE, ballpark?

MS. MICHEL: Ballpark, 1,600 including contractual employees.

COMPTROLLER FRANCHOT: Okay. And you are telling me that out of that group of wonderful people, I'm sure, and very talented, that everybody is too busy over there to conduct a good, solid, in house study? As folks within my agency, for example, just to take one, are constantly being asked to do by statute and by the Legislature? They can't, you can't do this in house?

MS. MICHEL: This is a very highly technical study. There are very few experts across the nation that specialize in this. And we did feel that we needed that expertise out of house to conduct this study.

TREASURER KOPP: Isn't that also what the law requires?

MS. MICHEL: The law requires a study, absolutely.

TREASURER KOPP: A study by a public or private entity --

MS. MICHEL: Yes.

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TREASURER KOPP: -- to contract with you?

COMPTROLLER FRANCHOT: Yes --

TREASURER KOPP: The original law in 2002 --

MS. MICHEL: Mm-hmm.

TREASURER KOPP: -- on which I didn't vote because I was already Treasurer.

COMPTROLLER FRANCHOT: Yes, no, I understand there is some expertise involved. But, you know, the Legislature asks me to do a lot. For example, the Consolidated Annual Financial Report of the State performed every year in house. It's the official, independently audited certified financial statement for the State of Maryland. We also do at the Legislature's request a Corporate Statistics of Income Report. We do something called the Tourism Sales and Use Tax Study, an annual study that requires us to calculate sales and use tax receipts collected from the retail sales. We do a Multistate Manufacturers Study. We do a Corporate Income Tax Study at the direction of the Legislature. We do a Maryland Remote Sales Tax Loss Study. We do a Communications Tax Reform Study. We do a Direct Shift Study. We did a follow up to the Direct Shift Study. I mean, really, this is, I understand that there are obviously some technicalities involved here. And I read the document, where it said it has to be done in, you know, certain phases, and you have to have, etcetera, etcetera, etcetera, the role of



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supplemental, the update of the GCI. But I cannot believe that in your 1,600 employees you don't have individuals that know the State and can do this report. I mean, here we're shipping this money out to Denver. When do the consultants actually come east, I guess, and talk to our teachers and get a sense of what is going on in the State?

MS. MICHEL: They will be here shortly after the contract is executed. They will be working very closely with me and my staff, the teachers, the schools. As part of their plan they will be visiting each and every LEA, working with teachers and principals in each LEA, the CFOs from each LEA. And I assure you that I --

GOVERNOR O'MALLEY: And LEA, for those watching at home, is a --

MS. MICHEL: Sorry, local education agency.

GOVERNOR O'MALLEY: -- local education agency. If you are still confused, that is your county school board.

(Laughter.)

MS. MICHEL: And we absolutely have the expertise in house that know how the state formulas work. And we will be working very closely with the consultants when they come in. We just do not have the expertise to do some of the analysis that they will be doing on our behalf.

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GOVERNOR O'MALLEY: And it's required by law.

MS. MICHEL: It's, yes, sir.

GOVERNOR O'MALLEY: I imagine at the time, I mean, I recall there being legislators wanting to know that they weren't allocating money only to bloat school administrative budgets, right? And now we have a benchmark from having done this study before, and that same methodology will be approached to making sure we are getting as many dollars into the classroom as we can. You still hear stupid stories of teachers who can't, you know, they have, that have to dip into their own pocket for basic supplies that you would think school boards would cover.

COMPTROLLER FRANCHOT: I have no problem with the study. I just am appalled, frankly, that we go out to Denver and bring these wonderful people from Denver, that probably know very, very little about Maryland. And then they walk, or they drive around with you, I guess, and interview people. And I just think it's an embarrassment to the State to have to bring these people in to study what is a situation that you obviously are on top of. And if you are not on top of it with the expertise, gosh, we have the finest higher ed institution system in the country.

MS. MICHEL: And --

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COMPTROLLER FRANCHOT: And I'm sure they are capable.

And yes, it does get me a little upset that we just spend a million dollars for these out of state people.

MS. MICHEL: And this particular vendor is partnering with the University of Maryland at College Park to do part of this work.

COMPTROLLER FRANCHOT: Well, good. And why didn't we just use College Park exclusively?

MS. MICHEL: They did come to our pre-proposal conference. And in the end they decided they had some of the Maryland expertise that were needed but as I said before, this is work that is highly technical and there are very few people across the country that can do it. And they felt it was a stronger proposal partnering together and getting both sides of the coin there.

COMPTROLLER FRANCHOT: I understand your testimony, I just find it hard to believe. And, you know, I'll just mildly register my objection. Because, well you saw the list of just a few studies that my agency does. And there is absolutely no reason under the statute that you could not have done this in house in conjunction with the University of Maryland. And --

MS. MICHEL: I --

COMPTROLLER FRANCHOT: -- you know, so what are we going to spend it on? Air fare from Denver, and a bunch of guys, a bunch of, I

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mean, it's absurd. They don't know the teachers, the parents, the students, the schools. I mean I just think the, it's a waste of a million dollars. So Governor, with that I will register my objection.

GOVERNOR O'MALLEY: Do you want to do, vote this one separately?

COMPTROLLER FRANCHOT: Please.

GOVERNOR O'MALLEY: What one is it?

MS. FOSTER: It's Item 11, Governor.

GOVERNOR O'MALLEY: Okay. The Governor moves approval of Item 11, seconded by the Treasurer for aforementioned reasons. All in favor signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: Comptroller --

COMPTROLLER FRANCHOT: No.

GOVERNOR O'MALLEY: -- votes no for his aforesated reasons. Now we are on the balance of the Department of Budget and Management Agenda.

COMPTROLLER FRANCHOT: Yes. Item 21?

GOVERNOR O'MALLEY: Item 21. Not yet on the balance --

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MS. FOSTER: Okay, Item 21. This is the request for payment of a settlement of all claims in the *Megan E. Vicino v. State of Maryland*. And we have Christian Dabb who is the Assistant Attorney General for DNR. I hope I pronounced your name correctly.

MR. DABB: Good morning.

COMPTROLLER FRANCHOT: Good morning.

GOVERNOR O'MALLEY: Good morning.

COMPTROLLER FRANCHOT: So I see this is a settlement for a claim for gender discrimination and retaliation. This is a park ranger, I believe, who claimed that her immediate boss, David Powell, subjected her to verbally abusive conduct and generally unpleasant demeanor that he did not direct towards male employees. And you are urging the settlement because apparently according to you, or her notes, the victim can show that she received a satisfactory performance evaluation before she reported her supervisor's harassment of another employee, and that her case is likely to benefit from a 2007 DNR investigation that found probable cause to believe her immediate supervisor, David Powell, was engaged in gender discrimination against another employee, a conclusion that would be substantiated by at least three other female employees. Can you help me, where is Mr. Powell today? Is he, please tell me he is not gainfully in his current position or in any position --

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MR. DABB: He is still employed with the Department of Natural Resources in the Park Service.

COMPTROLLER FRANCHOT: So do you find that strange? Here is an individual that we are paying \$95,000 to settle claims that you think had a reasonable chance of success at court. And the gentleman is still there?

MR. DABB: I think there's two issues in that question. The first question is, is there a present litigation risk in this case?

COMPTROLLER FRANCHOT: Mm-hmm.

MR. DABB: And then I think implied in your question is also, is there a future potential litigation risk? And what I would submit to you is the present case evolved over a period of time. On the single piece of paper that you are provided today, it is a very nice timeline. However, the issues that arose in this case were fully investigated at the time the incident was reported. And I would offer to the Board that this matter arose in 2010. And when it arose in June of 2010, it was reported, the complaint was reported by the complainant, the plaintiff in the Federal District Court case at this time, was immediately reported within about seven to eight days. That was subsequently investigated by a Law Enforcement Bill of Rights investigation, as well as the Office of Fair Practices for the Department of Natural Resources. The answer to that question when it was investigated was that the findings were not sustained under that investigation.

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And I would submit to you that that investigation was thorough based upon the individuals that were present in the discussion at that time, and that includes both the complainant herself and the ancillary witness she would be bringing forth to address her retaliation claim that she has raised in this case.

So both of those issues were fully vetted by the union, or the Law Enforcement Bill of Rights investigation. And they were concluded to be not sustained. So the decision at that time was there was no basis to have any form of discipline or anything like that on this case. And I would submit to you that this case proceeded under the assumption that there was nothing wrong with the conduct. That it was an allegation alone. And as any allegation in a court of law stands, it is something to be proven ultimately by someone and may or may not be the truth of the matter as certain.

So what we have is a version of events from a plaintiff who then comes forward and goes through the process, gets her opportunity to sue letter, and then ends up in Federal District Court pursuing this litigation. And during the course of the litigation and during the course of the discovery the department maintained its position of not moving to settle this case. Which is why we entered into the position of filing a motion for summary judgment, which my predecessor did and I think was the correct decision at the time. And unfortunately the result from Judge Bredar was that he did not grant that summary judgment decision. He

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outlined a path of potential for substantial litigation risk in this case to the plaintiff's counsel. I would submit to the Board that based upon those issues, and based upon the concern that has been raised as a result of witnesses that came forward during deposition testimony, who mind you never once came forward to the department or anyone else to issue a timely claim or complaint about conduct --

COMPTROLLER FRANCHOT: But why would they if they would get fired? Retaliated against?

MR. DABB: I would disagree with that. I would disagree with that. And the reason I would disagree with that is a number of those individuals continued to be employed and worked ongoing with the department. So with that said, I would submit that the discovery that resulted gave the department pause in terms of litigating the matter. Because in terms of putting this case before a judge and jury I from trial experience of over 15 years can state that juries don't always go along with what you believe in the law is the correct answer.

So with that said the decision was made to move forward on potential settlement on this case. And that's where we came to this point.

COMPTROLLER FRANCHOT: So is anyone from DNR here?

MR. DABB: Yes, sir. The Deputy Secretary Mr. Dawson is here as well.



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COMPTROLLER FRANCHOT: Oh, great. So we now --

MR. DAWSON: Good morning.

COMPTROLLER FRANCHOT: -- I couldn't quite follow everything that was in the time frame.

MR. DAWSON: Sure.

COMPTROLLER FRANCHOT: But it seems to me that we have four women working for your agency that have complained, or are willing to testify, that a gentleman who is still employed by you engaged in verbally abusive -- where is the, you know? Verbally abusive treatment of this park ranger. And then when she complained he retaliated by terminating her. And I mean, where there is smoke, I suppose there is fire, number one. And number two, why, how can this individual still be working for you?

MR. DAWSON: Well we have, as you know, for our employees we have formal processes for progressive discipline. And as Christian stated, the allegations in 2010 were found to be unfounded. The additional information, for which there was no formal complaint, employees have rights, were not filed. We're in the process now of providing some leadership and professional development, sensitivity training, to this individual. And that is ongoing.

TREASURER KOPP: Could I just jump in here for a second?

COMPTROLLER FRANCHOT: Yes.

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MR. DAWSON: Please.

TREASURER KOPP: It was my understanding, the things that you have put in place sound quite good. Did you put them into place after the 2007 incident as well?

MR. DAWSON: No, we did not.

COMPTROLLER FRANCHOT: Yes, I'm glad the Treasurer brought that up. Because I noticed that obviously in your litigation strategy you were going to have to deal with the 2007 DNR investigation that found probable cause to believe her immediate supervisor, David Powell, had engaged in gender discrimination against another employee. DNR's Equal Employment Officer will testify that the supervisor had problems in his dealings with other female employees and at least three other female employees are expected to offer testimony describing his discriminatory treatment of women. How can this individual still be gainfully employed by the State of Maryland?

MR. DABB: I think from a litigation standpoint we are walking perilously close and over attorney-client privileged information. In terms of discussing past incidents or subsequent remedial measures, you are putting us in a position where, as has been indicated earlier, the discussion that we are on televised production I think is a very dangerous line for me to allow to be discussed openly.

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COMPTROLLER FRANCHOT: Okay --

MR. DABB: I'm fully present to answer questions. But what I would say with regard to the issue of past conduct in relation to this incident, when you have this incident resulting in a union review that ends up providing a finding of not sustained, I think you have a subsequent problem looking at discipline three years after that fact. I think you are now looking at an incident where you are examining the potential for discipline three years later in a circumstance where you may or may not still believe the statements that are made by outside individuals. And there may be differences of opinion as to whether or not those statements are true or not. These individuals never came forward with formal complaints to the agency at any time, even now.

COMPTROLLER FRANCHOT: Really?

MR. DABB: And they came forward in discovery only. So the past incident that you are referring to in 2007 as a basis for a pattern of conduct is an argument for the plaintiff. In terms of future efforts to address potential litigation in the future, DNR is very clearly making an effort to address that at this time. In terms of immediate remedial measures, I think that is a dangerous discussion to have in an open forum should the Board choose not to approve this matter because then we are putting all of this out for the other side to review prior

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to trial. And should the Board not approve this matter we are going to trial immediately.

COMPTROLLER FRANCHOT: Well I assume the Board is going to approve it because the woman deserves the settlement that she has asked for. But my question is, when are we going to get rid of the employee who apparently was responsible not just for this but for other alleged behavior? And the fact that it wasn't reported voluntarily before certainly is obvious from the case before if you report something over there, you get retaliated and fired. And so what are you doing to fix that?

MR. DAWSON: Well we share your concerns, as we would with any allegations that come up under any circumstances related to one of our employees. As I stated, we are being very attentive to this related to some of the training we are providing. And obviously we are keeping a very keen eye on this employee as we move forward.

COMPTROLLER FRANCHOT: Maybe he can pay the \$95,000, since apparently it is his behavior that generated it. And but anyway, I'm not going to, I'm voting for the issue. But I would, I'm not sure if the Treasurer has any interest, but it doesn't sound like a good situation to me. It sounds as if there is an atmosphere, at least in this instance, where people obviously want to keep their head down. But there is something rotten in Denmark over there. So would

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you, I can't imagine this gentleman working for us. And if you could keep us informed about the training --

MR. DAWSON: Yes.

COMPTROLLER FRANCHOT: -- the training. And isn't that interesting? How are we going to do that? Are we going to sit down and say, well, let's see now, we've got four women who have alleged all sorts of abusive behavior by you? Good. Anyway. I will defer to my Board members and --

GOVERNOR O'MALLEY: Okay.

MR. DAWSON: Thank you.

TREASURER KOPP: Can I just ask one question? I'm not happy about any of this. And I think, I think there was a problem that the reforms and training which you seem to have instituted were instituted a little late. I'm sure, I hope you agree?

MR. DAWSON: Oh, yes.

TREASURER KOPP: And the gentleman in question is being supervised closely as he continues to supervise men and women?

MR. DAWSON: Yes. He is the Park Manager at Seneca.

TREASURER KOPP: At Seneca?

MR. DAWSON: Mm-hmm.

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TREASURER KOPP: Oh. Close to home. There was, we can follow up. I'm concerned --

MR. DAWSON: That's fine.

TREASURER KOPP: -- that he continues to supervise women, you continue to feel comfortable, but you did before also. What measures are being put in place to actually have some hard measurement data, fact, base, not just assumptions? People can change, I believe that. But it's our responsibility. There are employees. They are your employees, not just his. And we owe them proper working conditions and want to be sure that we can continue to believe, despite the past, that they are working under appropriate conditions.

MR. DAWSON: Yes. And I will be glad to follow back up with you on some specifics related to his performance.

TREASURER KOPP: Thank you. And the Comptroller. Thank you.

MR. DAWSON: All right. Thank you very much.

GOVERNOR O'MALLEY: And me.

TREASURER KOPP: And your boss, thank you.

MR. DAWSON: Yes, sir.

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GOVERNOR O'MALLEY: Okay. These personnel matters always create a trickiness in this forum. All right. Anything else, Department of Budget and Management Agenda? Okay.

TREASURER KOPP: I do have one question, I think of Mr. Kim, on number 18. Just a clarification. You have seen the concern expressed by the Department of Legislative Services, have you, on the dental contract, and performance measurement, etcetera. And I know this was discussed in the budget hearings. You can assure us that you are following up on that and will have measures in place that meet the concerns of the legislators?

MR. KIM: The answer to that question is yes.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Okay. The Comptroller moves approval of the balance of the DBM Agenda items, 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 University System of Maryland, where I understand a wonderful tribute to

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Frederick Douglass is now being planned on the College Park campus. Hold on one second. It's the seventh inning stretch. We're only through three innings.

MR. EVANS: Good morning. Joe Evans representing the University System of Maryland. We have 12 items on the Agenda. We're here to answer any questions.

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. We move on now to the Department of Information Technology.

MR. URBAN: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Greg Urban with the Department of IT. I have 17 items for you. I'm happy to entertain any questions you may have.

GOVERNOR O'MALLEY: Any questions, Department of Information Technology?

COMPTROLLER FRANCHOT: Move approval.



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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. Thank you.

MR. URBAN: Thank you.

GOVERNOR O'MALLEY: The Maryland Department of  
Transportation?

MR. PARRAN: Good morning.

GOVERNOR O'MALLEY: How are you, Wilson?

MR. PARRAN: For the record, Wilson Parran, Deputy Secretary.

We have -- and I'm representing the Department of Transportation this morning.  
We have 28 items and Item 4-C is being withdrawn. I'm happy to answer any  
questions you have.

GOVERNOR O'MALLEY: Any questions? 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.)

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GOVERNOR O'MALLEY: The ayes have it. We move on now to the Department of General Services.

MR. THOMAS: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Bart Thomas, Deputy Secretary, keeping the Deputy Secretary theme going here, filling in for Secretary Collins today. We have 32 items on our Agenda. We are withdrawing Item 6. Before we offer any questions, Governor, I would like to introduce two of the Governor's Internship Program members that we have with us today. James Grasing and Kate Cowart, if they would stand, they came to see our Board of Public Works in action. They work for our Energy Office. They are both economics majors.

COMPTROLLER FRANCHOT: Where do you go to school?

MS. COWART: St. Mary's.

GOVERNOR O'MALLEY: Great, good to have you here.

MR. THOMAS: So now, Governor, we would be happy to answer any questions you may have at this time.

GOVERNOR O'MALLEY: Any questions?

TREASURER KOPP: Not a question. But I note, although I don't see it right now, yes, Item 21-CGL. This actually, I am taking a leaf from the Comptroller's book. This actually has nothing to do with this particular project.

MR. THOMAS: Okay.

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TREASURER KOPP: But it is a grant to McDaniel College. And I just note that McDaniel College was just given a national award for being one of the very best teacher education programs in the country, of which we should be very proud. They and the Johns Hopkins University program. There are not many places that have two such outstanding programs. And I congratulate them, and on their new building.

MR. THOMAS: Thank you.

GOVERNOR O'MALLEY: Okay. Anything else on this? The Comptroller moves approval of the DGS Agenda, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it and that concludes our Agenda. Thank you all.

(Whereupon, at 11:20 a.m., the meeting was concluded.)