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*STATE OF MARYLAND*  
**BOARD OF PUBLIC WORKS**

*GOLDSTEIN TREASURY BUILDING, 80 CALVERT STREET  
ANNAPOLIS, MARYLAND*

**March 5, 2014**  
**10:15 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

**AL COLLINS**

Secretary of General Services

**T. ELOISE FOSTER**

Secretary of Budget and Management

**JAMES SMITH**

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: Okay. All right. Ladies and gentlemen, we are going to begin. Today is March 5, 2014. And -- man, March 5th? Is it really March 5th already? Wow. That leaves 12 days to St. Patrick's Day, and this is a meeting of the Board of Public Works. We have, we are here in the Treasurer's room, or is this the Comptroller's room? No, you are here to be a check on her, right?

TREASURER KOPP: This is the Treasury Building.

GOVERNOR O'MALLEY: The Treasury room.

TREASURER KOPP: We work together.

GOVERNOR O'MALLEY: So we're going to be doing some bond bids and the like today. We also have, I know, the Enoch Pratt Library is here on their project, as well as some leaders of our library system throughout the State. Does the Treasurer or the Comptroller have any opening thoughts here?

COMPTROLLER FRANCHOT: I had just a couple, Governor, if I could? If you look over your shoulder you can see, or we look straight ahead, and you can see some wonderful array of photos and portraits up on the wall. Last Thursday we had a ceremony in this room unveiling the portraits of all of Maryland's comptrollers dating back to the first one in 1851. Among the dignitaries who were joining us on Thursday were former Governor Marvin Mandel, Attorney General Doug Gansler, and Louisa Goldstein, the daughter of Maryland's legendary Comptroller Louis Goldstein. The man for whom all comptrollers will

forever be compared, God bless you all real good, and gold coins, and this, that, and the other thing.

For me it was yet another reminder of how truly blessed I am to serve in an office steeped in so much history, occupying the same role as some of Maryland's most storied public officials. Working closely with Acting State Archivist Tim Baker and his Deputy Elaine Bachmann, we have restored the official portraits of all but two of Maryland's 33 comptrollers. Those two, I know it's hard to believe in this day of the internet, but apparently there are two who are lost to history and there are no portraits. But I've got something in store for them in just a minute.

I would encourage everyone watching at home to come by and stop by the Treasury Building and take a look. Our very first comptroller in 1851, Philip Francis Thomas, a great Eastern Shore representative. And then they can compare all the way up from 1851 to my immediate predecessor William Donald Schaefer. Madam Treasurer, I apologize, there are no women up there on the wall.

TREASURER KOPP: I noticed that.

COMPTROLLER FRANCHOT: But not that I want to retired immediately, but I hope someday there will be a woman's portrait.

There are so many stories behind each individual. Much of our State's history is bound together with the service they performed over more than 160 years. I encourage you to stop by. Our fifth Comptroller Dennis Claude, for example, was instrumental in keeping Maryland in the Union in 1861. He is a very handsome gentleman with muttonchops. It's unmistakable, his portrait back there on the

left. But Unionist Governor Henry Hicks installed him as Comptroller in an effort to prevent the Legislature's own choice for Comptroller, the Confederate leaning Abram Jarrett just underneath Mr. Claude, from performing his duties. So for a few months in 1861 Maryland actually had two competing comptrollers until another election was held in 1862 and installed Samuel Moffatt as the undisputed Comptroller.

So it's important to remember that while we do have our skirmishes from time to time, I think our elected officials today manage to get along much better than they did back then. It's an enduring reminder to us all that our State has frequently found itself at the precipice of crisis, be it wars or economic crashes or political instability. We have always seen ourselves through with the help of experienced and resolute leaders who irrespective of partisan or parochial divisions have shared a commitment of doing what is best for our State's citizens. I remain truly humble to serve as a momentary caretaker of such a storied tradition, privileged to pay tribute to the Maryland giants who preceded me.

Now I mention there are two comptrollers who unfortunately we have no portrait or photo of. And I am announcing today that I will personally take any Marylander to a restaurant in Maryland of their choice if they are able to find a portrait photograph of Comptroller Robert John Jump, the ninth Comptroller. He was during the Civil War, 1864 to 1867. Afterwards he lived a long time until 1912. He was the Clerk of the Court in Caroline County, Register of Wills, State's Attorney, long career, no photo. So I do not want something that is just, you know, like from a crumpled up newspaper where he is in front of a fire truck.

I need something I can put up a portrait. But I am sure there is something of Comptroller Jump.

And then also Thomas James Keating. Jump was the ninth Comptroller, Keating was the 12th Comptroller. He was a newspaper editor from Queen Anne's County and I guess he irritated some people because a citizen burned down his newspaper and put him out of business. But he --

TREASURER KOPP: When? When did they burn --

COMPTROLLER FRANCHOT: That was 1864. There was a lot of tension over the Civil War. So he was 12th Comptroller from 1878 to 1884. He was "revered" as the one Marylander who restored a sound fiscal policy to the State. So, but we don't have a --

TREASURER KOPP: In 1864?

COMPTROLLER FRANCHOT: 1878 to 1884, he was Comptroller. We lack a photo of him. And so the contest is out there. I will personally treat any Marylanders who can come up with a photo of these two wonderful gentlemen that I can hang to a Maryland restaurant of their choice.

Governor, you may have something over in the Mansion, down in the basement or something that I could --

GOVERNOR O'MALLEY: I don't know. I think maybe the Archives would be the place where I would turn. There is very little in that Mansion that is mine.

COMPTROLLER FRANCHOT: Well they turned the Archives upside down and couldn't find anything. It stunned all of us who live in the age --

TREASURER KOPP: You've got to go out into the counties.

COMPTROLLER FRANCHOT: -- of digital photos.

GOVERNOR O'MALLEY: Carla Hayden, I bet. Enoch Pratt, I'll bet you she might be able to send her able researchers. They have so much stuff up at the Enoch Pratt in Baltimore.

COMPTROLLER FRANCHOT: Excellent.

GOVERNOR O'MALLEY: Statewide, seriously, we will ask her to go on that treasure hunt. So what is the gentlemen, what are their two names again?

COMPTROLLER FRANCHOT: Comptroller Jump --

GOVERNOR O'MALLEY: Jump?

COMPTROLLER FRANCHOT: Yes, and Comptroller Keating.

GOVERNOR O'MALLEY: Keating.

COMPTROLLER FRANCHOT: And now they are --

GOVERNOR O'MALLEY: Jump and Keating, who could ever forget them?

COMPTROLLER FRANCHOT: And there are 29, there are 29 photos up there. There have been 33 Comptrollers, but two Comptrollers have served different terms separated by a break. So that is why there are only 29 up there, lacking the two who history has forgotten. So help us find the other two, if you would.

GOVERNOR O'MALLEY: Jump and Keating. Okay.

TREASURER KOPP: So let me just point out that the State Treasurer of Maryland, I won't go into the whole thing, although there are large portraits all over this building. We should organize a tour, maybe even a little booklet, that tells you which room. When Lucy Maurer became Treasurer in 1987 in her office were all of the Treasurers, I think. They were piled up in three layers all around



the room, four sides of the room. You walk in and they are staring down at you.

And one of the first things she did was decide that every room in the Treasurer's Office should have their own Treasurer. So they all happen to be older white gentlemen, they could look down on everybody and not all look down on her.

(Laughter.)

TREASURER KOPP: So you have to take a walk through the building to see them all. But interestingly, there has been a State Treasurer of Maryland since 1775. There were two State Treasurers of Maryland, in fact. There was a Treasurer of the Eastern Shore and a Treasurer of the Western Shore until about, in the 1840's. The Treasurer of the Eastern Shore, the last Treasurer served I think about 1845? Three. And as of the new Constitution of 1852 there was one State Treasurer. So there you are. Presumably they shared the East and the West, and then they all sort of moved west. This was before the Bay Bridge so it was not such an easy thing to do. But when you say the Comptroller was created to look after the Treasurer that was after I guess about 75 years they decided they needed a new office. I don't know what that Treasurer was doing that particular moment to require, but whatever it was they probably shouldn't have been doing it.

COMPTROLLER FRANCHOT: It's a true story. It was a change in the Constitution to create the Comptroller as a check on the Treasurer.

TREASURER KOPP: Right.

COMPTROLLER FRANCHOT: I'm not sure what was going on back then, but it must have been serious. But I'm delighted to, if anything, be checked myself by the wonderful leadership of our Treasurer Nancy Kopp. Fabulous.

TREASURER KOPP: Ah. So now we have 20 minutes.

GOVERNOR O'MALLEY: We can do a --

TREASURER KOPP: Twenty-five minutes.

GOVERNOR O'MALLEY: I think we can get some stuff done.

TREASURER KOPP: I think we can do everything.

GOVERNOR O'MALLEY: Okay. How about the, shall we dive right in? How about the --

SECRETARY MCDONALD: Do you want to go to the library?

GOVERNOR O'MALLEY: We could go to the library, sure.

SECRETARY MCDONALD: Secretary Collins?

MR. COLLINS: Governor, I only have 11 items. May I introduce all of them --

GOVERNOR O'MALLEY: Sure. We're going to call the General Services Agenda items.

MR. COLLINS: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, Al Collins, Secretary of the Department of General Services. Today we have 11 items on our Agenda, including one supplemental. We are withdrawing Items 2 and 10. And would be glad to answer any questions on all of these.

Governor, I take it as a privilege to bring forward the individuals from the Enoch Pratt Library. Starting with Director Carla Hayden, whom we all know; Frank

White has a great piece of work that they are going to move out again. And if you would, I would defer to Carla to come up and talk about their project.

GOVERNOR O'MALLEY: Sure. Carla Hayden, come on down.

MS. HAYDEN: I must say, we are pretty excited.

(Laughter.)

GOVERNOR O'MALLEY: The former National President of all of the, the Librarians of America.

MS. HAYDEN: But I'm here actually today, though, representing the librarians of Maryland, and the 3.3 million registered library card holders in Maryland. So I think that is remarkable. And the, those borrowers, and I have to tell you, check out, they visited 30 million times last year, and they checked out over 60 million items last year. So I am standing here today to thank the Governor specifically for, on behalf of the 23 jurisdictions, and of course the Pratt Library, thanking you for getting our State library resource center project going. We are so excited because more people are using libraries now than all of the, and I guess I can say this here, all of the sports teams combined, the Ravens, the Orioles, everything. Even I think soccer. All those combined, more people are visiting libraries right now. So we thank you. Because we are going to have with this project a state of the art library center that will support training for all of the other library staff members. The Carroll County Library System just brought their entire staff down to the Central Library for training for all day, 200 people. And we also will continue to provide free e-books, and you can download, and you can check out tablets and things like that. So for librarians, we are just grateful.

So of course there are some technical parts and that has to do with the contract today, which is to start the construction documents being drawn up for the construction. And we, I am joined here by two people who have worked on this project for 20 years. Sandra Vicchio, who was the architect with Ayers Saint Gross. And I promised her I wouldn't say this, but I'm going to anyway. She started. She was not married, she got married, and now her child is going to high school. That's how long she has been on the project. And Glenn is here from, Chief Operating Officer from Ayers Saint Gross, who actually started with the project as well. So we put a lot of time into it. And I think the investment will be really something that the State can look forward to. So I would just open it up for any questions you might have, or --

GOVERNOR O'MALLEY: MR. Comptroller?

COMPTROLLER FRANCHOT: How do the libraries handle the e-books? You mentioned that, I'm, that seems to be all the rage.

MS. HAYDEN: Oh, one of the things that we do in Maryland, and you should also know that Maryland in terms of other libraries throughout the nation, Maryland is considered, we are called library heaven. Because the 24 jurisdictions work together. Your library card from Wicomico will work in Hagerstown. So we make sure that you can do that. And the materials, you can return your things from Ocean City all the way, wherever you are in Maryland. So we have that network. And we pulled together our funding to provide an e-book consortium. So Maryland residents can now check out titles. So you can be sitting right here and you can go to our e-book cloud and download bestsellers

and things like that. And that is one of the ways that we work together. So we get more purchasing power when we go together. So e-books are going to be, they are really one of the, we have seen about a 300 percent increase in the number of people downloading e-books.

COMPTROLLER FRANCHOT: How about my search for the two lost comptrollers?

MS. HAYDEN: Well we already, well we texted the librarians at the Central Library, because we do have the Maryland Department which is the largest collection of materials about Maryland history. So they are on it now. And they are debating who gets to go to dinner.

(Laughter.)

MS. HAYDEN: So I'm going to go, too. So yes, they are on it. They are on it. Any other questions or --

TREASURER KOPP: I almost hate to ask this.

MS. HAYDEN: That's okay.

TREASURER KOPP: Because I don't like to --

MS. HAYDEN: But librarians like to answer questions, though.

TREASURER KOPP: Is this the same, years ago I chaired a subcommittee, and is this the same project?

MS. HAYDEN: Well, yes. However --

TREASURER KOPP: Things have happened in between...

(Laughter.)

MS. HAYDEN: -- however what is interesting is if the project had gone ahead then, we would be looking now at probably, and that is why this redoing of the plans is so important. We were 95 percent ready in 2001 in terms of construction documents. Now you have to throw out almost all of the electrical, because of wireless, because of things like that. We also have to really redo the environmental aspect. This project is going to be definitely LEED Silver and we might be able to get Gold because it's, you know, we're looking at that. All of that has to be redone. So actually the delay has been helpful. And it is the same project. But it is a new gloss.

TREASURER KOPP: -- very nice way of looking at it.

MS. HAYDEN: No, it is. It is. It is. Because libraries have changed so much in the last, well you can imagine. Our librarians rule though, okay? So much has happened in the last five years.

TREASURER KOPP: Well you may recall, Carla, although it might have been before you came. In the recession of 1991 --

MS. HAYDEN: That was right before I came.

TREASURER KOPP: -- where William Donald Schaefer was cutting the budget everywhere, it didn't ever really hit home in Bethesda, Maryland I don't think until they had to start cutting the library hours.

MS. HAYDEN: Right.

TREASURER KOPP: And then all of the sudden --

MS. HAYDEN: Right.

TREASURER KOPP: -- everyone realized the role that the public purse played.

MS. HAYDEN: Right. And library use always increases during recessions.

TREASURER KOPP: Yeah.

MS. HAYDEN: And so we have seen that. Also, the Board of Directors and Trustees of the Pratt Library committed to raise \$10 million and today I can stand here and say they have raised \$8 million already, and the other two almost there.

GOVERNOR O'MALLEY: Great.

MS. HAYDEN: To contribute. And the City of Baltimore has renewed its commitment as well, so.

COMPTROLLER FRANCHOT: I just want to compliment you on Ayers Saint Gross.

MS. HAYDEN: Oh --

COMPTROLLER FRANCHOT: This is a firm that is a national giant in the field of public architecture, as well as I'm sure the private. But I'm glad to see them doing the work.

MS. HAYDEN: And we are glad that they are still with us.

(Laughter.)

MS. HAYDEN: There has been a lot of, no, it's a great team. And we're just so pleased to be here today. So if you see some excited librarians, and you get a lot of thank yous, that is what it's about.

GOVERNOR O'MALLEY: Awesome.

TREASURER KOPP: Pleasure to be able to vote for it again.

MS. HAYDEN: Thank you --

GOVERNOR O'MALLEY: Are there any pictures or anything?

MS. HAYDEN: Well we had some slides but --

GOVERNOR O'MALLEY: We don't have the slide projector here?

MS. HAYDEN: It's there if you would like to see it. We can go quickly. I think they are giving us the, because of the whole Agenda.

SECRETARY MCDONALD: I think they are on the Treasurer's laptop, her office laptop. But I think we would need the Treasurer's Office person who does the bond sale to --

GOVERNOR O'MALLEY: Right. Well send them to me, would you, Nina? Could you track them down for me?

MS. HAYDEN: Oh we have them, yeah.

MR. COLLINS: -- there's lots --

MS. HAYDEN: I think you will be pleased to see.

GOVERNOR O'MALLEY: Good.

MS. HAYDEN: It's going to be beautiful.

GOVERNOR O'MALLEY: So is it new space? Or what --

MS. HAYDEN: Oh, we are reconfiguring. And Sandra, can talk a little more about that. She has the slide presentation.

MS. VICCHIO: I can give this to you. It has a couple of notes in it.

GOVERNOR O'MALLEY: I'll take it to flip through, if it doesn't throw off the --

MS. VICCHIO: We'll send you a packet of the renderings as well. I think those would be nice -- I'm Sandra Vicchio. I'm an architect with my own independent practice and I am working for the Pratt on a lot of the ancillary projects that support this. The goal really is to restore the historic fabric of the building



because when it opened in 1933 it was a cutting edge design. It was modeled after department stores rather than libraries. You enter at street level so that a mother could come easily with her pram. There are big windows to draw people's views into the building. Not the kind of great steps up to the temple of knowledge, a little more foreboding as a library architectural idea.

So the great thing is the building is very flexible. Within that flexibility we have been able to kind of recast the spaces so that they will work within the goals and objectives of the 21st Century library. We are going to reorganize the way people use the library by who uses it. So more by age group rather than by the kind of discrete collections of the Library of Congress cataloguing system, which probably Dr. Hayden is the only one here who actually knows the nuances of that.

GOVERNOR O'MALLEY: What, the Dewey Decimal System?

MS. VICCHIO: Library of Congress.

GOVERNOR O'MALLEY: Library of Congress Decimal System? Oh.

MS. VICCHIO: There are two systems.

GOVERNOR O'MALLEY: Dewey Decimal System.

MS. VICCHIO: So we will increase the number of computers that are available. Right now the State Library System is the largest provider of public computers in the State of Maryland. We will increase the space available for young adults, flexibility, meeting space for the Maryland Library Association. There will be an increase in availability of whatever the technology of the day is. So there will be a kind of hot topics room where you can get whatever the best sellers are, whether

they are print or digital. And all of the building systems will be renewed and upgraded, and that is totally Glenn's job.

GOVERNOR O'MALLEY: Sustainability.

MS. VICCHIO: Sustainability.

MR. BIRX: Sustainability, yes.

GOVERNOR O'MALLEY: So you are taking this old building with great bones and you are going to make it cleaner and greener?

MR. BIRX: Exactly. And the building --

SECRETARY MCDONALD: Would you identify yourself?

MR. BIRX: Sure. My name is Glenn Birx from Ayers Saint Gross. I have been working on the project for 20 years as well. But yes --

GOVERNOR O'MALLEY: It's an annuity.

MR. BIRX: Yes --

(Laughter.)

MS. HAYDEN: It's a good thing. It's a good thing.

MR. BIRX: Yes, it's a very good building. We are modernizing it to modern library standards. But also it's very important to stay, if you have been in the building it is a beautiful building, a large part of this contract was to restore those light fixtures, and frescoes, and paintings, and all sorts of things that we don't do much of anymore to their original state. That is a large part of this project as well.

MS. HAYDEN: And the book stacks.

MR. BIRX: And the book stacks. A very interesting building. There's many levels of stacks below the lobby level, all of which are the structure of the building.

MS. HAYDEN: Right.

MR. BIRX: They cannot be moved. But the actual shelves become the structure of the building. So no columns and beams. So we have that, that will remain. And we will deal with that and then work above that for the other renovations.

GOVERNOR O'MALLEY: Hm, interesting.

MS. HAYDEN: That means that, they found at the time they thought more economy, that would be. You have to have book stacks, you have to have a foundation, so make the book stacks the foundation. And so instead of some other library systems you may have read about in the New York Times had some issues about remote storage, our remote storage is three floors down. So we don't have to take things off site, or have them, we have it right there. Three floors of stacks.

MS. VICCHIO: Thirty-two linear miles of stacks in the building. It's fairly astounding.

GOVERNOR O'MALLEY: That's great. That's a lot of old books.

MS. HAYDEN: Yes, there's a section there --

GOVERNOR O'MALLEY: Surely Jump and Keating are in there somewhere.

(Laughter.)

MS. HAYDEN: Oh, are we trying.

COMPTROLLER FRANCHOT: I said lunch, not dinner.

(Laughter.)

MS. HAYDEN: Okay. All right.

GOVERNOR O'MALLEY: All right. Is there any --

MS. HAYDEN: Well, thank you so much.

GOVERNOR O'MALLEY: Thank you.

MS. HAYDEN: Well, we really appreciate it.

GOVERNOR O'MALLEY: So the Treasurer moves approval --

TREASURER KOPP: That's very exciting.

GOVERNOR O'MALLEY: -- of the DGS items, including the Enoch Pratt Library, 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. Congratulations, unanimous, first off the bat.

MR. BIRX: Thank you.

MS. HAYDEN: Thank you.

GOVERNOR O'MALLEY: Let's go to, do we want to do the Secretary's Agenda?

SECRETARY MCDONALD: Yes. Governor, we have 14 items on the Secretary's Agenda this morning. We have four reports of emergency procurements. Item 14 is the bond sale, which we will hold until the Treasurer

asks to call that item up. So we are prepared on Items 1 through 13 and the four emergencies.

GOVERNOR O'MALLEY: Okay. So the Secretary's Agenda, with the exception of Item 14, anyone have any questions?

TREASURER KOPP: I have just in general on Items, I guess, whatever it is, 9. The Department of the Environment, not for now, I would like to understand how the newest research on the concentration of things like antibiotics in the most advanced water treatment plants, how that research and understanding fits into what we do, if at all, when we authorize or oversee or fund new plants. Too involved for this moment. But it is my impression that the science is advancing very quickly and that the findings are rather disturbing.

MR. KHUMAN: Good morning. Yes. And --

SECRETARY MCDONALD: Jag, please introduce yourself.

MR. KHUMAN: I'm Jag Khuman with the Department of the Environment, Madam Treasurer.

TREASURER KOPP: I am not sure that you are the gentleman --

MR. KHUMAN: But at this point the sewage treatment plants are not focusing on what is happening with regard to pharmaceuticals impacting the water quality. The research is still ongoing. The amounts are still very low. And the focus truly has been basically public health in regard to basic symptoms of --

TREASURER KOPP: I understand that. But let me send you --

MR. KHUMAN: But there's a lot of --

TREASURER KOPP: -- some articles and, yeah, that does raise concern because of the way the water is treated and the concentration of what is left.

MR. KHUMAN: It is still very dilute.

TREASURER KOPP: Great. I'll send you the stuff --

MR. KHUMAN: Okay.

TREASURER KOPP: I'm glad to hear that. Thank you.

GOVERNOR O'MALLEY: Okay. Anything else? 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 then to the Real Property Agenda items.

MS. WILSON: Good morning. Thank you, Governor, Madam Treasurer, Mr. Comptroller. Emily Wilson with the Maryland Department of Natural Resources. We have four items on our Agenda today. Of note is Item 3A, which is the Hance acquisition in Calvert County. This is a 139-acre acquisition that scored a 108. And it's going to be added to our Parkers Creek watershed that we manage in cooperation with the American Chestnut Land Trust.

This was a long and difficult negotiation that I would really like to thank my staff and the department for keeping vigilant on this acquisition. There were I think 37 errors, many title issues that we were able to overcome. And in particular Judd

Vickers in the department, he did a very nice job in being able to bring this great acquisition before you today.

This is also very near to wildlands proposals that are currently moving through the Legislature. So we're very excited about this acquisition.

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.

MS. WILSON: Thank you.

GOVERNOR O'MALLEY: Parkers Creek, a great place.

MS. WILSON: It is. If you haven't paddled there, I would highly recommend it.

GOVERNOR O'MALLEY: I have paddled there.

MS. WILSON: Good.

GOVERNOR O'MALLEY: It's great. I saw about 13 eagles. A very cool place.

You come in from the Chesapeake --

TREASURER KOPP: Thirteen eagles?

GOVERNOR O'MALLEY: -- yes, you come in from the Chesapeake, you can go for miles without seeing any sign of human civilization, if you are at a point in life where you need a break from that.

TREASURER KOPP: Oh, lovely. Yes.

GOVERNOR O'MALLEY: All right. Okay, we move on now to -- I was just there in my mind.

(Laughter.)

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

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning.

GOVERNOR O'MALLEY: Morning.

MS. FOSTER: There are five 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: DBM, any questions? Hearing none, Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on now to the University System of Maryland, who I understand has the picture, comes here today armed with a picture of Frederick Douglass?

MR. EVANS: Good morning. Joe Evans representing the University System of Maryland. We have three items on the Agenda. We are withdrawing Items 2-GM and 3-RP. And we have Mr. Stirling here with pictures.

(Laughter.)

GOVERNOR O'MALLEY: Great.



MR. STIRLING: Just to, Jim Stirling from the University of Maryland College Park. Just to clarify, I would say nothing is cast in concrete or bronze at this point. I have furnished to Mr. Large copies of a concept plan that the University is working on. It is a 3,200 square foot plaza and the budget is about \$250,000 to be raised through private fundraising. And a statue, as I understand it, is about another \$100,000 on top of that. So at this point it is a concept. It is not a project that is ready to go into construction. But that is where we are.

GOVERNOR O'MALLEY: That's great. Hornbake Plaza. Under the Hornbake Library.

MR. STIRLING: Yes, sir.

GOVERNOR O'MALLEY: Cool. So anything we need to do to move this along?

MR. STIRLING: Not at this time.

GOVERNOR O'MALLEY: From concept to reality?

TREASURER KOPP: Wow!

MR. STIRLING: We're working on the private fundraising and --

GOVERNOR O'MALLEY: Good. We should start advertising out there. Okay. Let us know how we can help. I'll take it up with the Chancellor.

MR. STIRLING: Yes, sir.

GOVERNOR O'MALLEY: Thank you. Anything else from the University System Agenda?

TREASURER KOPP: I was not paying enough attention. Did you withdraw --

MR. EVANS: Item 2-GM and 3-RP.

TREASURER KOPP: You did.

GOVERNOR O'MALLEY: 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 Information Technology.

MR. URBAN: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Greg Urban, Department of Information Technology. I have six items for you today for approval. I'd be happy to answer any questions at this time.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes, Item 3-IT?

MR. URBAN: Yes.

COMPTROLLER FRANCHOT: So we are being asked today to award a \$455,000 contract to a firm called Literacy Pro Systems, Inc. for the purchase of a web-based software system that measures adult education performance outcomes and coordinates data collection that is required under federal and State guidelines. That's what is stated in the briefing. I obviously don't have any problems with the investment itself, nor do I have any reason to be concerned with the capabilities of the vendor. I don't know. I guess I don't have any reason to be concerned, but I also don't have any particular reasons to be impressed because it was a sole bid contract. So based solely upon what I have in front of me, I have

no way to assess this firm's experience or technical bona fides, nor am I given a sense of whether this is a fair price for these sorts of services. And I reiterate it is relatively minor in the great scheme of things, a relatively small amount of money. But I think it's a larger point.

It's not my intent to single out DLLR for criticism because frankly this is a serious problem of emerging sole bid contracts within our procurement process and it is becoming more and more prevalent all the time. Over the past five years we have awarded 260 single bid awards with an aggregate dollar value of \$870 million, nearly \$1 billion of taxpayer money awarded essentially in a vacuum because we have no way of knowing the context.

I am not talking about sole source contracts. I don't think anyone is a fan of sole source contracts either but I grudgingly acknowledge that there are times when they are unavoidable, such as for example when specific technology firms have proprietary relationships with certain systems software and therefore must by default receive particular State IT contracts. That sole source contract is different. And, but this issue that I'm bringing up is the State of Maryland initiating a competitive procurement should provide us with a choice of multiple vendors from which we can choose on the basis of technical aptitude, experience, and cost, and instead we end up getting just one bidder.

So I believe it is a real problem based on the numbers that I mentioned. I think we have to as a Board at some point sit down and figure this out. Moving forward I am going to be looking at these single bid contracts with a very skeptical eye. And unless the agency can tell me in all honesty and with considerable supportive

documentation that they did everything humanly possible to attract bid competition, I will be inclined to oppose the award. I will also be looking for the control agency to come forward and provide us with credible explanation for why its contract did not attract competition. In other words, I will be looking for feedback from those very vendors that chose to stay on the sidelines with the hopes that we can telescope exactly what the problem is. You know, were the bonding risk requirements cost prohibitive? Were certain would be vendors being non-responsive, therefore disqualified from further consideration? Did somebody get their packet in at 5:20 on Friday when the deadline was 5:00? Is the work itself specialized to the point where there is just an extremely limited number of vendors in the space? Or is there something else going on here where something in the procurement process turns off capable vendors, discourages them from competing for our business?

So without getting into anything further as far as, you know, benign collusion, etcetera, etcetera, it's I'm not trying to blame anyone here. I'm just trying to figure out what's going on and come up with a serious strategy to fix it. Because single bid awards are not okay. Each one represents an utter failure of the competitive procurement process and one that in all likelihood ultimately will be costly to the taxpayers.

I apologize for making an example of this contract that I am going to vote in favor of, but I'm just putting everyone on notice that there better be a good explanation as to, and there had better be interviews with other vendors understanding why there is a single bid contract.

MR. URBAN: No apology necessary. I think you bring up some very valid points. And I think it is our duty to make sure that we're completely transparent when we bring those, that we have done that due diligence for you, and that you can feel comfortable with those awards. So I would say that I agree with you on those points. And we will do our best effort to make sure that when we bring these that you are extremely comfortable that we have gotten all the data and done all the due diligence that you are looking for.

COMPTROLLER FRANCHOT: I am particularly interested in interviews with vendors that did not compete but are in this space. Why didn't they?

MR. URBAN: Understood.

COMPTROLLER FRANCHOT: Thank you, Governor, Madam Treasurer.

GOVERNOR O'MALLEY: Thank you.

TREASURER KOPP: Could I just add one thing to build on what the Comptroller said? He took out a certain type of contract that actually has bothered me for some time. And that is when you initially get a proprietary item and therefore back yourself in to sole sourcing forever.

MR. URBAN: Right.

TREASURER KOPP: And that used to happen I hope more often than it does now because things are so much flexible now that you would think it wouldn't happen. I haven't looked at the numbers of that. But it would be great if you people could look at that because you know much more than I do about it. But I know at one time we really were limiting ourselves, not in the public interest.

MR. URBAN: Absolutely. And I know this is an item that a few of them have come up recently.

TREASURER KOPP: Yes.

MR. URBAN: And we have really engaged the agencies to sort of ferret out the ones that are truly still proprietary or there is an opportunity to competitively get the services, particularly on maintenance contracts. So I understand exactly where you are coming from and we will continue to be diligent on that as well.

TREASURER KOPP: Thank you.

MR. URBAN: You're welcome.

COMPTROLLER FRANCHOT: So that \$870 million in contracts over the last five years, including the Treasurer's observations, may be higher. And I'm happy to link up and perhaps, Governor, at some point you could schedule something with the Board. Because I know the procurement board that looks at all of these issues has been looking around at it. But I don't think anything really substantive has been adopted that would address a remedy. Because they keep coming.

MR. URBAN: That is an accurate observation.

COMPTROLLER FRANCHOT: Thank you.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. I think we take a -- thank you.

MR. URBAN: Thank you.

GOVERNOR O'MALLEY: I think we take a break now, yes?

TREASURER KOPP: Right now, yes. The first, the first thing before us is to adopt the resolutions concerning the State and Local Facilities Loan of 2014, First Series in particular.

Governor, I move that the Board ratify and approve the preliminary official statement dated February 20, 2014. The summary notice of sale for the 2014 First Series A, B, and C Bonds published on February 20, 2014 in *The Bond Buyer*, and the resolutions the Board adopted on February 5, 2014 concerning the bond sale. And then I will make a couple of remarks about what we are doing. But I would move that, if I could?

GOVERNOR O'MALLEY: All right. The Treasurer moves, and 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.

TREASURER KOPP: Thank you. Amber is showing us the bids for Series B and C. Series B is the taxable bonds. You will recall that we approved a sale of a small number of taxable bonds, a relative small taxable bond sale for things that were not eligible for tax exempt sale. This is the sale that is Series B and these are the folks who bid on them. A large number of people wanted to buy them. And Citigroup Global Markets, the one at the top, I would move be declared the

successful bidder for the First Series B taxable bonds in the aggregate principal amount of \$50 million subject to resizing as provided in the revised official notice of sale with a discount of \$120,000 and a true interest cost of .908719 percent. That's really low.

GOVERNOR O'MALLEY: Really low? Does that mean we saved a lot of money?

TREASURER KOPP: We saved a lot of money for the --

GOVERNOR O'MALLEY: How much?

TREASURER KOPP: Well I'm not sure it's possible to quantify. A lot.

(Laughter.)

TREASURER KOPP: This is low. It shows the prevailing rates and the attractiveness of Maryland bonds. People are willing to put their money into safe, sure bonds even though the return in fact is not as high as they are if they were more risky.

I further move that the First Series B bonds be issued in resized amounts and maturities and at the interest rate set forth in the successful bid for the bonds, and would ask for a second and a vote on that.

GOVERNOR O'MALLEY: 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.



TREASURER KOPP: It's approved. And we have approved that.

First Series C Bonds, Series C bonds were the refunding bonds. We look through, we look through portfolio frequently, find out what bonds we could make some money for the taxpayers for by refunding and selling at a lower rate. And that is what Series C is, \$374,410,000 worth. I would move that J.P. Morgan Securities, LLC be declared the successful bidder for the First Series C Tax-Exempt Refunding Bonds in the aggregate principal amount of \$237,410,000 subject to resizing as provided in the revised official notice of sale and with a net premium of \$42,256,436.86 and a true interest cost of 1.236927 percent. And again, you will notice that we're, a large number of people bidding on these bonds. And the number of very low interest rate bids again showing that they want our bonds.

I further move that the First Series C Bonds be reissued in the resized amounts and in the maturities and at the interest rate set forth in the successful bid for the bonds and would ask for a second on that.

GOVERNOR O'MALLEY: 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.

TREASURER KOPP: Now, Amber you can take over.

MS. TEITT: Thank you. And I just will add we do estimate that the refunding bonds will save us nearly \$12 million in reduced debt service cost over the next five to six years.

GOVERNOR O'MALLEY: Thank you.

MS. TEITT: And we are now preparing to receive bids on Series A, which is \$450 million in tax-exempt bonds. These are new bonds that will fund capital projects throughout the State and we --

TREASURER KOPP: Sixty percent of which are invested in K through 12 and higher education. Every time Maryland goes to market with the General Obligation Bonds the majority of the money goes to building our schools, colleges, and universities.

MS. TEITT: We have eight registered bidders on the bonds and we are expecting a very favorable result. So if we go back and see what our countdown is here. So in a minute or two. In nearly a minute we should be able to start getting bids. So we'll just kind of wait and see if those come in. We do expect the majority will be within the last 30 seconds.

So we do have one bid.

TREASURER KOPP: Jumped the gun a little.

(Laughter.)

GOVERNOR O'MALLEY: I've got a Wendell Berry poem. This is by Wendell Berry. It's called Sabbaths.

Whatever is foreseen in joy  
Must be lived out from day to day.  
Vision held open in the dark  
By our ten thousand days of work.

Harvest will fill the barn; for that  
The hand must ache, the face must sweat.  
And yet no leaf or grain is filled  
By work of ours; the field is tilled  
And left to grace. That we may reap,  
Great work is done while we're asleep.  
When we work well, a Sabbath mood  
Rests on our day, and finds it good.

That's Wendell Berry.

MS. TEITT: Well having worked hard for results -- Okay. And so the apparent winning bidder is Bank of America Merrill Lynch with a TIC of 2.840619. We will retire back to our offices and verify that for you and come back for the final award.

TREASURER KOPP: Very good. We will look forward to your return. Thank you. Okay. Now we just have to wait.

GOVERNOR O'MALLEY: Okay. The Department of Transportation, so we do some, we go back to our original, our regularly scheduled program? And then we will return to you one more time? Is that the deal?

TREASURER KOPP: One more time when we announce the results of the \$435 million new money sale.

GOVERNOR O'MALLEY: All right. The Department of Transportation?

MR. SMITH: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Jim Smith on behalf of MDOT. Before I present the items for today I want to give an exciting update to our efforts for federal support for both the Purple Line and the Red Line. And I'm happy to say that the President included both projects

in his budget for full funding guarantee agreements and put in for fiscal year 2015

\$100 million in each project. Pretty exciting.

GOVERNOR O'MALLEY: That's great.

TREASURER KOPP: Yes. I thought people seemed to be skeptical that we could do both the Red Line and the Purple Line.

MR. SMITH: Well obviously the President wasn't. There were only seven projects included nationwide and we had two of them. And we had them for significant, that's \$900 million for each project. So that's \$1.8 --

TREASURER KOPP: Billion.

MR. SMITH: -- billion, by my math. And \$100 million for both projects in fiscal 2015. And it is really, they don't bump projects out generally. There is no history at all of ever bumping any projects out. There may, Congress may adjust the amount for fiscal 2015. But we are in the running and that means we do have the commitment of the federal government to fund both of those projects to the amounts we requested. So it really is --

TREASURER KOPP: And the strong support I assume of the Senate Appropriations Committee?

MR. SMITH: Well we had the strong support of the Senate Appropriations Committee. We also had I think Congressman Cummings was very strong with respect to the Red Line. So you know, we had the support of both --

TREASURER KOPP: You had Team Maryland.

MR. SMITH: -- yes, Team Maryland, we really did. And it's pretty exciting. But both, the Red Line was one of the President's priority projects. So I mean he

may have had also an independent interest in his urban movement and he produced for us. So it, you know, it really puts us in such a strong position to deliver two, you know, gangbuster projects for both Montgomery County and Prince George's County and the Baltimore Metropolitan Area. So it really is very exciting from I think just about every perspective. So I wanted to give you, I promised to keep you updated on P3. And you know, we have the challenges but each time we are actually being successful with the challenges as we take them on.

MDOT is presenting 11 items today as Item 6 has been withdrawn. I'd be happy to entertain any questions if you have any.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. That concludes our regular Agenda items.

TREASURER KOPP: Now we're just hanging around.

GOVERNOR O'MALLEY: That's great news in the federal budget.

(Recess.)

TREASURER KOPP: This has been quite a good sale. I move that the Bank of American Merrill Lynch be declared the successful bidder for the Second [sic – read FIRST] Series A Tax-Exempt Bonds in the aggregate principal amount of

\$450 million subject to resizing as provided in the revised official notice of sale, with a net premium of \$55,962,814.75 and a true interest cost of 2.840619 percent. And I further move that the First Series A Bonds be issued in the resized amounts and maturities and at the interest rates and prices set forth in the successful bid for the bonds, and would ask for a second on that.

GOVERNOR O'MALLEY: 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.

TREASURER KOPP: My understanding is that this is somewhat higher than we expected.

MS. TEITT: Yes. The TIC and the premium are slightly higher than we were expecting. The premium I would say in the magnitude of probably \$12 million or so higher, the TIC just slightly higher. The markets were moving a little bit away from us this morning. But still it's a very, very good sale.

TREASURER KOPP: The -- oh right, sorry. Finally, I move that the Board authorize and approve the issuance of the final official statement for the bonds.

GOVERNOR O'MALLEY: 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.

TREASURER KOPP: That's it.

GOVERNOR O'MALLEY: Does that do it?

TREASURER KOPP: That does it.

GOVERNOR O'MALLEY: Okay. So what is the, do you have any running total of how much we have saved? Or is it all a wash, the \$12 million more we paid and the --

MS. TEITT: We do not have a running total yet. After these bids for the refunding we will go out and also bid out an escrow account, because the funds need to go in escrow until we can pay off the prior bonds. And so depending on how the escrow bids come in then we will know a final savings amount.

GOVERNOR O'MALLEY: Cool. Good. I'm interested.

TREASURER KOPP: And that's the net savings for the taxpayers, as opposed to the premium which is a shift in --

GOVERNOR O'MALLEY: All righty. Well Madam Treasurer, congratulations. Thank you.

TREASURER KOPP: No, I want to thank our terrific staff. Amber and her team have done a marvelous job and our advisors, they have worked hard. They go over these numbers in a way that would be mind numbing to most of us. And I just want to thank you. Great job.

GOVERNOR O'MALLEY: Well done.

MS. TEITT: Thank you very much.

TREASURER KOPP: And we will have something to sign.

GOVERNOR O'MALLEY: Do we have anything to sign today?

MS. TEITT: I don't believe so.

TREASURER KOPP: Alright.

GOVERNOR O'MALLEY: We'll be glad to sign --

TREASURER KOPP: And we have to sign each number of bonds, yes, yes.

MS. TEITT: I believe they will be signed next week.

GOVERNOR O'MALLEY: Okay. All right. This concludes our meeting of the Board of Public Works. Thank you all very much.

(Whereupon, at 11:10 a.m., the meeting was concluded.)