
STATE OF MARYLAND
BOARD OF PUBLIC WORKS
GOVERNOR'S RECEPTION ROOM, SECOND FLOOR, STATE HOUSE
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May 14, 2014
10:25 a.m.

PRESENT

HONORABLE MARTIN O'MALLEY

Governor

HONORABLE NANCY KOPP

Treasurer

HONORABLE PETER FRANCHOT

Comptroller

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PROCEEDINGS

GOVERNOR O'MALLEY: All right. Ladies and gentlemen today is May 14, 2014 and you are attending an Agenda of the Board of Public Works. So if that's why you're here, you are in the right place.

(Laughter.)

GOVERNOR O'MALLEY: We have a couple of distinguished individuals to honor right off the start. One is my neighbor, Robert Marchanti, and his wife Peggy is here, and his son Jonah, and also Leah. And so Major Marchanti gave his life for all of us in the line of duty in Afghanistan.

And we also have, I believe we are going to be honoring Senator Wagner who had served as a State Senator here in the Maryland State Senate, and his family are here today as well.

So any opening thoughts, Mr. Comptroller, Madam Treasurer?

COMPTROLLER FRANCHOT: Thank you, Governor. And I'm looking forward to the two events you just mentioned. But I would like to just mention in addition to that we are going to, on today's Agenda, give final approval to the State's School Construction Program for fiscal year 2015. And frankly the incredibly challenging winter that we had, it's just recently that we have started to actually feel like spring and we're a little bit removed from our memories. But it was a really bad winter, as you recall.

I've given enormous credit to the Secretary of Transportation Jim Smith for his team for dealing with the streets and the inclement weather and now all the pot holes and all that. But I'd like to take advantage of today to just recognize another group, which is our State teachers. And think of all the rearranging of lesson plans that teachers in our schools did to ensure that our kids received the instruction with all of the interruptions from the bad weather. How about the maintenance workers in the schools? Who worked above and beyond to make sure that the facilities could respond to the adverse weather conditions. And bus drivers, who safely got our children to and from school, often amid tough road conditions and shifting bus stops. And last but not least the administrators, who take a lot of criticism at the system because of all their high ranking responsibilities. But they are the folks who had to make the tough choices about how to get the logistics of the weather and the school schedule together. And it was I'm sure a nightmare for them.

So it has been a challenging year for our schools. I believe everyone in the system responded to the weather. It serves as a reminder of the resilience of our nation's top public schools and the personnel behind the scenes. So I just wanted to take a moment and give them a little bit of recognition. They are obviously critical not to just our kids' education but also the State's economic future.

And speaking of Maryland's economic future, yesterday Brit Kirwan announced that he will be retiring as Chancellor of the University System of Maryland. Here is an individual who had been a professor, a university president, now Chancellor, a leader in higher education for nearly five decades. Under his presidency College Park shot up the rankings, right up, to becoming the nation's, one of the nation's finest public universities. And the entire System with Brit as Chancellor has developed a reputation for Maryland that is well known around the country, even amid obviously challenging times where the affordability and accessibility of higher education has gone back and forth.

But Brit's biggest legacy to the State of Maryland will be his recognition of how connected the University System is to the State's economy. He served on the Boards of the Maryland Chamber of Commerce, the Greater Baltimore Committee, the Economic Alliance of Greater Baltimore, the Maryland Business Round Table for Education. He is cognizant of the crucial relationship between our State, our universities, and the business community. I'm particularly appreciative of his emphasis on innovation and entrepreneurship. We're going to miss his visionary leadership. He is certainly not being pushed out. He's leaving on his own. He says it's time to pass the baton. But I think we're going to be seeing down the road despite missing him, we're going to see the social and economic dividends of his long and successful career for many, many years to

come. And so I'll be thinking of him as we vote on the School Construction budget.

GOVERNOR O'MALLEY: Thank you. Madam Treasurer?

TREASURER KOPP: Yes, could I, I would just, there is not much more one can say about Brit, and yet there is so much more one could say about Brit. He has been a fixture in Annapolis since he came as an Assistant Professor of Mathematics from Rutgers, I think, 50 years ago. Which is a while. And during that time absolutely -- I think, I think, and you can correct me, that Brit Kirwan is the only man who was both President of College Park and Chancellor of the University System of Maryland.

He helped bring the University to Shady Grove in Montgomery County, the model of regional, regional higher education. He created the Honors College at the University of Maryland College Park, which has been extremely instrumental in enhancing the image of the undergraduate program there while continuing to build a University that was well known for athletics and agriculture and physics, thanks to Johnny Toll, to one that is known for a multitude of disciplines. And while it's always good for folk to go off at the peak, at the top, I have no doubt that Brit will be around for quite a while advising and leading, both on a national level, but here in Maryland, too. It's hard to think, I am convinced I won one election in Bethesda because of a picture and quote from Brit Kirwan. So I have a personal obligation.

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But just a very great man to work with. And it shows. There was some doubt Peter, actually, when he came back as Chancellor whether he could do the job because Brit was so closely identified with College Park. And the question is, can you go from being so supportive of one campus to being the leader of the entire community? And clearly the answer is yes you can, and Brit did it.

I'd like to just also note for a moment the passing of, the actual passing of another great person in Maryland higher education. Over the weekend Rhoda Dorsey passed away. Rhoda Dorsey was the first woman President of Goucher College and the woman who led the transformation of Goucher into a coed school. A move that some people opposed and doubted would succeed, and clearly has succeeded. A woman of just outstanding temperament, leadership. She was a lady but a very forceful one at all times. And my recollection when I was chairing some committees in the Legislature is the combination of Rhoda Dorsey and her Chairman of the Board Walter Sondheim was a team that simply couldn't be beat.

It will surprise some people out there to know there was a time when there were only two or three women higher education leaders of institutions in Maryland. Rhoda, of course, Martha Church, and then Catherine Gira, and Rita Colwell, and Marty Smith. And now it has grown and women are taking a much

stronger role. And I can't help but think that a lot of that was because of Rhoda Dorsey.

So we note with great respect her role and her parting. And we note with anticipation waiting for Brit Kirwan's next role here. And with that, I thank you.

GOVERNOR O'MALLEY: Thank you, Madam Treasurer. Well with that as a segue, speaking of strong women, let's, the Marchanti family. What is, what item is that? Is that DGS?

SECRETARY MCDONALD: This is Item 10 on the Secretary's Agenda.

GOVERNOR O'MALLEY: Item 10?

SECRETARY MCDONALD: Ms. Catherine Kelly is here from the Military Department to introduce the item and she can bring up the --

GOVERNOR O'MALLEY: Peggy, do you guys want to come up?

MS. KELLY: Good morning, Governor O'Malley, Treasurer Kopp --

GOVERNOR O'MALLEY: -- Leah --

MS. KELLY: -- Comptroller Franchot, Catherine Kelly with the Maryland Military Department. At this time I would like to introduce the Joint

Force Headquarters Chaplain Colonel Lee, and he will introduce our guests and present the item.

COLONEL LEE: Good morning.

GOVERNOR O'MALLEY: Good morning, Chaplain.

COLONEL LEE: Governor, Madam Treasurer, Mr. Comptroller, we have with us Peggy Marchanti, Major Robert Marchanti's wife, widow, Leah, his daughter, Jonah, not to be confused with Ian, who is the other twin, who is not here today, but Jonah. Also Pauline, a French exchange student who is living with the family now, and Faith --

GOVERNOR O'MALLEY: Bonjour.

(Laughter.)

COLONEL LEE: -- Faith, who is the significant other for Jonah, and then Cyndi Ryan from the Red Cross who is a friend of the family.

For the Board of Public Works, my role is rather simple. It is, you have the recommendation that we made on behalf of Major General James Adkins, our Adjutant General for the Maryland Military Department, that the gymnasium at Camp Fretterd Military Reservation be renamed as the Major Robert J. Marchanti II Physical Fitness Center.

Major Marchanti was a part of the Maryland Army National Guard. I also counted him as a friend and knew him for many, many years. He

was killed on February 25, 2012 in Kabul, Afghanistan while deployed with the 29th Division's International Security Assistance Force.

Bob had deep roots in the community, too. He graduated from Towson University with his degree in physical education, was a P.E. teacher in Baltimore County Schools, and mentored and made a difference in many a young person's life but he was also a physical fitness buff. He was a foreboding man but yet a gentle giant loved by us all and we hope you will grant our request to rename that Gymnasium to honor his sacrifice, his service, and his commitment to the sons and daughters of Maryland who served in the Maryland Military Department as well as the students he taught in school.

GOVERNOR O'MALLEY: Peggy, any thoughts? Anything you want to say?

MRS. MARCHANTI: Just thank you for considering this and for everything that the Governor's Office has done. It has been wonderful and honoring and it has really blessed our lives that, you know, everyone remembers him.

As time goes on, it's true, less and less people remember. And so today was wonderful that you guys remembered. So I hope it's a yes and thank you so much.

GOVERNOR O'MALLEY: Thank you. Kids? Leah? No? Yes?

(Laughter.)

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COMPTROLLER FRANCHOT: Come on up.

GOVERNOR O'MALLEY: No?

MR. MARCHANTI: I'll say something.

GOVERNOR O'MALLEY: There we go.

MR. MARCHANTI: I just wanted to say thank you again, too. I couldn't think of a better way to honor my father than to rename the Gymnasium after him. I mean he taught, what was it, 18 years? Seventeen years, a gym teacher for 17 years and that's where he really touched the lives of a lot of people. Even if you called him up or hit him up on Facebook, like, that will tell you all about it. Some of them are married and have families and they still remember my father's impact from, you know, what he did in a gymnasium. So I think renaming a gymnasium is probably something that would make him very, very happy if he was here to see it. So thank you.

GOVERNOR O'MALLEY: Thank you. And thank you all for everything that your family has been called upon to do for us. Chaplain?

COLONEL LEE: Governor, I'm not too versed at this so I don't know what else to say.

(Laughter.)

GOVERNOR O'MALLEY: It's an adage that when you look like you have the votes, you should call the vote. So --

(Laughter.)

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GOVERNOR O'MALLEY: So Mr. 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: Unanimous, that never happens.

(Applause.)

GOVERNOR O'MALLEY: Let's do this. If those assembled will indulge us, why don't the Marchantis, why don't you all come around here and we'll stand and we'll do a picture here underneath the watchful eye of George Calvert.

Someone let's get the family up here. Yes, everybody squeeze together. It will feel unnatural, but it will look good.

Thank you.

MRS. MARCHANTI: Thank you.

GOVERNOR O'MALLEY: So this is the Gym at Camp Fretterd?

MRS. MARCHANTI: Yes.

GOVERNOR O'MALLEY: This is the Gymnasium? That's a good gym.

Very good. Peggy, thank you. Who wants the --

Okay. Thank you all for taking the time to come here today as well.

Okay, the next item is Item 8?

SECRETARY MCDONALD: Eight, correct.

GOVERNOR O'MALLEY: In honor of Senator Wagner. Who wants to speak to that?

SECRETARY MCDONALD: Secretary Smith is recommending -

-

GOVERNOR O'MALLEY: Okay.

SECRETARY MCDONALD: -- that the BWI Hiker Biker Trail be named after Senator Wagner.

MR. SMITH: It's Item, good morning, Governor, Treasurer, Comptroller, it's Item 8 on the Secretary's Agenda. It is an 11-mile Hiker Biker Trail that circles BWI Marshall and it was a suggestion of Senator Ed DeGrange and that suggestion was joined in by County Executive Laura Neuman, and in fact Barbara Wilkins is here on her behalf. And I think I'm going to turn it over to the sponsor who was the momentum behind it, Senator Ed DeGrange. Senator?

SENATOR DEGRANGE: Thank you. Governor, Madam Treasurer, Mr. Comptroller, this is a project that I'm absolutely proud to be able to recommend to the Secretary and in his great wisdom saw that this was a perfect fit for Senator Wagner, to recognize Senator Wagner.

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I have with me today Mrs. Wagner, Carol Wagner, Mike's wife, and his daughter-in-law Liz Wagner, who also at one time was my legislative assistant. And the family has been a strong, strong family within that community for a long time.

But Senator Wagner as a representative for District 32, as the Airport was expanding, saw the vision that the community needed to have something that they could have ownership to, and that's where he saw that this, having a bike trail around the Airport, he saw the growth of the Airport was a positive thing, as being a strong advocate for economic development, having his own business, raising his family within the community right next to the Airport. But he also saw that the community needed to have some ownership and some nice things attached to it. And that Bike Trail was part of that whole process.

So as a business leader in the community, as a coach, a sponsor of so many organizations that I can't even name, a friend to the families there, a personal friend of mine for many years, mentor, and of course the family as well. And his legacy will continue to go on because he's going to continue to support many of the charities and so forth within that community.

And I couldn't think of a better way to recognize someone that cared so much about their community than to have the naming of this Bike Trail around the Airport in his honor.

GOVERNOR O'MALLEY: Okay. Thoughts? Questions?

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COMPTROLLER FRANCHOT: No, just a great guy. He would always avoid this kind of recognition, but a super person and I love the, what the family said at his memorial. But I do have a complaint. My assistant was at Mikey's at the weekend having breakfast with his friends --

SENATOR DEGRANGE: They will have Spam.

COMPTROLLER FRANCHOT: Yeah, no, he, they, apparently it was --

SENATOR DEGRANGE: It's on the menu.

COMPTROLLER FRANCHOT: Yeah --

SENATOR DEGRANGE: And --

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR O'MALLEY: Treasurer, any thoughts?

TREASURER KOPP: No. I, Mike and I actually came into the House together in 1975. And I knew hardly anyone from anywhere outside of Montgomery County then. And he took such an effort to reach out and be friendly and be helpful and to be a really good colleague and friend. And then through the years I owe him a great deal and really respect it. And this is, this is a great thing to do. It's one of only many ways in which he is remembered, even by those of us who aren't as keen on Spam. Nonetheless we're keen on Mike Wagner. And I thank you for sharing him with us.

GOVERNOR O'MALLEY: Mrs. Wagner, anybody want to be heard?

MRS. WAGNER: I would like to say something.

GOVERNOR O'MALLEY: Okay.

MRS. WAGNER: I'd like to thank the family before us and just what they gave, and thank you for the commitment of your father and all the servicemen, as well as my father-in-law. He believed in that. He worked very hard for his community. And when the Senator just said he coached, he coached me on how to reach out to your community to make it a better place, to help the students of our schools. And as I was able with the Senator, I was able to do that. Unfortunately illness has crept in and stopped that a little bit. But the Senator worked hard. He worked so hard the 16 years that he was here. And I appreciate your taking notice of that and honoring him today for this. I think he would so appreciate it. So thank you for your time so much.

GOVERNOR O'MALLEY: Thank you.

MRS. WAGNER: I just want to echo that, I am quite grateful that of all the things he has done, he was, he really reached out to the people through the Airport area when they were having problems. And he wanted to make it right. So he worked hard and part of this bike thing was just a great idea he had. And I think it is a good way to honor him, and it's close to his community, and a lot of people will enjoy it. So on behalf of my family as well I do appreciate that

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this is coming about, and thank you all. Our sons are both working today and weren't able to be here, but they will also thank you as well. Thank you.

GOVERNOR O'MALLEY: Thank you.

MRS. WAGNER: And I do use it. So I just want you to know.

(Laughter.)

GOVERNOR O'MALLEY: What was that?

SENATOR DEGRANGE: She does use it.

GOVERNOR O'MALLEY: Oh, good. Well 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. Congratulations.

SENATOR DEGRANGE: Thank you very much.

(Applause.)

GOVERNOR O'MALLEY: Well you all don't feel like you have to stay for the balance of this meeting.

(Laughter.)

GOVERNOR O'MALLEY: Because this is when the good feelings stop.

(Laughter.)

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GOVERNOR O'MALLEY: Oh, I'm sorry. Hey Ed, do you want to do a photo with the -- yes, come on over. Hey, Jay? Is Jay still here? Jay?

Thread your way through here. Jay, we don't have a plaque so we'll be okay. Come on up. Ed? We'll all just squeeze together.

MRS. WAGNER: Thank you.

GOVERNOR O'MALLEY: Thank you all. Good seeing you. Thanks for coming in here. You're very welcome. Thanks for honoring your friend.

Okay. The balance of the Secretary's Agenda --

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 20 items on the Secretary's Agenda, one report of an emergency procurement. We are withdrawing Item 19. You have already approved Items 8 and 10. Item 17 is the School Construction Program for next year. We also have the African American Heritage Program here if you would like to hear from Reverend Young on that. But Dr. Lever is here on Item 17 as well.

TREASURER KOPP: Well I had a question -- yes I know. I had a question, as you know, about the, the question of the planning requests and why we seem to cut them off at a certain point. Not necessarily related to the specific importance of each request but to the amount of money that seems to be

predictable, projectable for construction following the completion of planning. Is that a fair way of putting it?

DR. LEVER: That's a very fair way of putting it. We do have to be concerned about the obligation that's been incurred by the State through planning approvals. Every planning approval is a commitment to fund at a future date when the funding request is submitted, assuming the project remains eligible --

TREASURER KOPP: Right.

DR. LEVER: -- and it would have to be recalculated.

TREASURER KOPP: And my recollection is the problem is that if for some reason there is not sufficient construction funds at a particular point there does get to be a point where the plans have to be revisited just because of change --

DR. LEVER: The plans have to be revisited. And we like to, it's not a firm rule, but we like to see the project move into the funding stage within two years after planning approval. After that we start asking questions. We have had some --

TREASURER KOPP: Well for practical reasons, I assume --

DR. LEVER: For practice reasons but often because of local fiscal constraints. And we have had projects that go along for quite some time --

TREASURER KOPP: Right.

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DR. LEVER: -- because of local fiscal constraints.

TREASURER KOPP: So then the question arises, Dr. Lever, about the concern that was brought to us by the School for the Deaf, which is not exactly the same as the local budget --

DR. LEVER: Yes.

TREASURER KOPP: -- budget issue. And I understand that, my impression at least is that they requested planning money, they thought they were ready for planning money. It wasn't that people object to the ultimate construction of the sort of buildings that they say are needed at the campus, but this question of whether you ought to authorize planning right now for this and for a dozen others that I gather are, or something like that, that are waiting --

DR. LEVER: That's correct.

TREASURER KOPP: -- because of this question of the flux of funds or the availability of funds?

DR. LEVER: That's correct.

TREASURER KOPP: So my request, before we get into any of the specifics here --

DR. LEVER: Mm-hmm.

TREASURER KOPP: -- and I understand Susanne has talked to you about this. My request would be that the IAC review the pending planning requests, including the one for the School of the Blind which seems to be sort of

different than a normal, at least a large county with many different competing items, and report back whether there is a way to move these projects along. It won't cost any more money. And if so, the pros and cons of how advisable that would be.

DR. LEVER: We will be glad to do that. The IAC meets on June 12th and we will bring this item to them to discuss.

TREASURER KOPP: Yes. I think it may be another one of those things that could bear a little more transparency and public attention when they realize we are putting a great amount of money into school construction --

DR. LEVER: Yes.

TREASURER KOPP: But there still are some projects ready to go, children will be well educated, better educated in them, and but it is a question of the flow of funds.

DR. LEVER: It is about the flow of funds. One of the concerns we have is that the promise to fund, the local governments rely on that. And if the State funds are not there for various reasons, sometime in the future, two years, three years from now, local government may well have moved ahead.

TREASURER KOPP: Right.

DR. LEVER: Frederick County at one time had to issue \$50 million in local bonds because the State at that time, this was about ten years ago, was not able to provide the funding when --

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TREASURER KOPP: My recollection is Montgomery County from time to time did that also.

DR. LEVER: It generally does do projects well in advance of State funding.

TREASURER KOPP: But, but again the School for the Blind is in a sort of different situation in terms of its funding and local support.

DR. LEVER: Yes, that's correct. We will take that to the IAC.

TREASURER KOPP: Thank you.

DR. LEVER: Yes?

COMPTROLLER FRANCHOT: Is your exceptional deputy here with you today, Joan Schaefer?

DR. LEVER: No, she is working hard at maintenance as a matter of fact, getting those reports done. We find we have to divide and conquer because of the way that we're staffed. And so that's, she's not here.

DR. LEVER: Well I want to actually, Dr. Lever, thank you and her for the exhaustive work that you do. It is such a great expertise that the two of you together bring to this process. And it's highly complex, as you know, and raises all sorts of very strong passions around the State, school construction, because it involves our kids. And the Governor, obviously, has made historic investments in the construction of new schools and renovation. And Treasurer Kopp, who is talking right now, knows how important school construction is

because she frankly has dedicated her career to education and financing these investments.

So given the stakes, I would like to just suggest that everybody give Dr. Lever a round of applause.

(Applause.)

COMPTROLLER FRANCHOT: I do have a couple of questions, though. Do you have any kind of data as far as how many children will be moved from portable classrooms around Maryland into permanent classrooms as a result of the projects that we're voting for today?

DR. LEVER: We don't have specific data because we don't receive that kind of information with the request as to exactly how many, say, relocatables will be moved as a result of the construction of an addition, or the replacement of a school. What we do have, though, is the, we look at trends every year, we get the information every year. And what we're seeing is that for the last four years there has been an average decrease of 108 relocatable units every year. But the reasons are complex. Some of that could be of demographic shifts, change of educational program, as well as construction that provides permanent facilities in place of the relocatables. But with that we calculate that the equivalent capacity of 108 classrooms is about 2,500 student seats at 23 per classroom. So presumably those students are moving into permanent facilities as

a result partly of the school construction program. But we can provide more exact information. We'd have to actually go to the LEAs and ask for it, if you like.

COMPTROLLER FRANCHOT: Okay, excellent. And on a separate subject, can you tell us how many schools in Baltimore City and Baltimore County will receive air conditioning in the classrooms as a result of this year's program? And the percentage of schools that still lack air conditioning in those two jurisdictions after this round of projects is complete?

DR. LEVER: In Baltimore City there are ten air conditioning projects. Three of those are in schools that do not currently have air conditioning, so they are bringing in air conditioning for the first time. And once this round of projects is completed the percentage of schools without air conditioning will be 42 percent, that is down from 44 percent.

COMPTROLLER FRANCHOT: Mm-hmm.

DR. LEVER: Okay? And in Baltimore County there are ten air conditioning projects. And those also include major renovations and new construction. Seven of those are in schools that do not currently have air conditioning and that will bring the percentage of schools that don't have air conditioning down to 33 percent in Baltimore County from 37.

COMPTROLLER FRANCHOT: Excellent. And then just finally, I know you don't like to give your personal opinions, but as you look down the list of the projects that we're voting for today, are there any projects that jump off

the page as just barely missed the cut? And perhaps caught your eye as particularly meritorious or worthy, but not receiving funding? And if you could maybe give me a little sense of any of those that we might keep an eye out for next year?

DR. LEVER: If it was an eligible project and missed the cut, it was because of fiscal constraints.

COMPTROLLER FRANCHOT: Mm-hmm.

DR. LEVER: Simply we reached the limit of what we had available to us. Some projects missed the cut, they are still what we would call a C project rather than a B project. It could be some minor technical issue that wasn't quite completed in time. There are projects, for instance there are two projects in Baltimore County that we're very interested in, Relay Elementary School in the Southwest area, the Catonsville area, and Loch Raven Elementary School in the South Central area. And the reason they weren't recommended for funding is that they don't have a design, the designs haven't moved forward so there really is no assurance that they would spend their funds if they were allocated in FY '15. Those funds would be spent better elsewhere.

Harford County, Joppatowne High School, was fiscal constraints, that's a limited renovation. Montgomery County is an area of particular concern because as the Treasurer said, they move forward with projects and then State funding often follows behind. And they do a very good job of stratifying their

projects. But it is critical that their top priority projects get funded because otherwise they go into a PAYGO only situation, we can't use tax exempt bonds proceeds to reimburse them. And we have six projects that we didn't have funds for this year that were in that top tier. If they are submitted next year, as I expect they will be, they will be the top priorities and they need to be funded because otherwise they will go into a PAYGO situation. That's a total of about \$19.2 million in State funding, which I think is very manageable, within the totals that we have traditionally been able to provide for Montgomery County. But there are also other projects further down the list that will be added to that list of the critical projects.

Prince George's, we are very interested in their special education initiative. They have an initiative to close all but one special education center and convert those special education centers into comprehensive elementary schools. And there are five projects that fall into that range, one of those would be a renovated special center, the others would become elementary schools.

And in Baltimore City, Holabird Pre-K to 8 and Graceland Park-O'Donnell Heights will move forward in the CIP. They are companions to the projects that are being funded through the Stadium Authority funds and they are critical to the revitalization of the Southeast area of Baltimore. So they have been developed in conjunction with the City Planning Department as part of an overall plan for that area.

So those are the projects that are currently in the CIP that we are looking forward to next year.

COMPTROLLER FRANCHOT: Thank you very much.

DR. LEVER: You're welcome. Are there any other questions? We are seeking approval of the \$325.3 million CIP. I'd be glad to answer any questions.

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. How about the balance of the Secretary's Agenda? That was item what?

SECRETARY MCDONALD: That was Item 17.

GOVERNOR O'MALLEY: Item 17, as it had been called by the Comptroller's question.

SECRETARY MCDONALD: Is Reverend Young here? Or the Mt. Zion AME Church? Okay. Well the item is going to, is in order for the African American Heritage Program so it should be fine. The rest is probably pretty straightforward.

GOVERNOR O'MALLEY: Mr. Comptroller?

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COMPTROLLER FRANCHOT: Yes, Item 14 on the Secretary's Agenda.

SECRETARY MCDONALD: Morgan University, I don't know if Mr. Wotherly is here, or who is here from Morgan. Or is Ms. Whitaker?

MS. WHITAKER: Yes.

SECRETARY MCDONALD: Yes, hi there. All right. This is the dining contract for Morgan State University.

MS. WHITAKER: Good morning. My name is Lois Whitaker. I'm with Morgan State University. I have with me Constantine Hill, who was the project coordinator for this RFP; and Vinetta McCullough, who is the Director of Business Auxiliary Services responsible for managing the contract. They are here to answer any questions that you all may have with regards to the contract.

COMPTROLLER FRANCHOT: Okay.

MS. MCCULLOUGH: Good morning.

COMPTROLLER FRANCHOT: Good morning.

MS. MCCULLOUGH: Good morning.

MR. HILL: Good morning.

COMPTROLLER FRANCHOT: So I do have a couple of questions because it's a rather large contract when you include the option years. We're talking \$77.8 million, so that's almost \$80 million. What concerns me is that there apparently Thompson, the vendor that we are being asked to award the

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contract to, was the only vendor to submit a proposal that was deemed as acceptable. So here we have a nearly \$80 million contract and which is of considerable magnitude and we're awarding it to someone in the absence of actual bid competition. And I guess I have a couple of questions that flow from that. Number one, who is the incumbent vendor?

MR. HILL: Thompson. Thompson is the incumbent vendor.

COMPTROLLER FRANCHOT: Thompson? Okay.

MR. HILL: Yes.

COMPTROLLER FRANCHOT: So according to my background notes there were three proposals received and one was disqualified due to MBE deficiencies, and the other, "was disqualified, did not meet the minimum technical qualifications to have the financial proposal reviewed." How, if I could ask, I'm not sure you have this information, but had they been allowed to compete for the contract, how would their proposals compare with the \$77.8 million winning bid?

MR. HILL: Okay, we do not have the financial information for that particular proposal. Because once the technicals are not evaluated by the, once the technicals have been evaluated by the committee and they have not reached the 55-point minimum which we submitted, it was a 55-point minimum, then there were no financials submitted to the committee.

COMPTROLLER FRANCHOT: Okay.

MR. HILL: So we don't have --

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COMPTROLLER FRANCHOT: Okay. Well I have another question on that. But let me just address this MBE component of the first vendor that was disqualified.

MR. HILL: Sure.

COMPTROLLER FRANCHOT: Why was it fatally deficient?

MR. HILL: It was deficient because we had a goal set for this project for 40 percent, and that vendor did not submit a 40 percent, nor did they submit for a waiver for that.

COMPTROLLER FRANCHOT: What did they submit, if I could ask?

MR. HILL: It was 35 percent.

COMPTROLLER FRANCHOT: Thirty-five percent?

MR. HILL: Yes, 35 percent. And the PRG and the University's MBE liaison is the one that actually reviews those qualifications to see if they are able to move forward, and not only did they not meet the 40 percent but they did not meet the recommended MBEs that were asked for in that in their submission.

TREASURER KOPP: What does that mean?

MR. HILL: Well we asked for -- actually let me go to this now. Just a minute.

TREASURER KOPP: Sub-goals? Is that what you are talking?

MR. HILL: Yes, the sub-goals. The sub-goals.

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TREASURER KOPP: Okay.

MR. HILL: Yes, the sub-goals. The actual sub-goals that we asked for for this project was 40 percent. It was seven percent African American, four percent Asian, and 12 percent woman-owned. They actually submitted sub-goals of Hispanic American of 12 percent, woman owned of eight percent, and woman owned of 13 percent. So they did not address the Asian owned at all, and they did not request a waiver.

COMPTROLLER FRANCHOT: If I could, Madam Treasurer, unless you have other questions --

TREASURER KOPP: No, no --

COMPTROLLER FRANCHOT: -- I find this to be kind of remarkable. Because my recollection of most of the University System's contracts are the MBE goals are in the 20 percent, maybe 25 percent. So 40 strikes me as, well it's, it sticks out in my mind. I don't know whether Mr. Stirling or Mr. Evans are here?

SECRETARY MCDONALD: Actually they are not here today from the University System, and Morgan you know goes by its own --

COMPTROLLER FRANCHOT: Is there anyone here that can help me, am I far off that the System generally --

SECRETARY MCDONALD: -- Mr. Farley is here but I don't know, unfortunately Mr. Stirling is ill this morning and he just called in at 6:00

a.m. to say he couldn't attend. So they do have somebody here to represent the University items but I don't know that the person will be able to --

GOVERNOR O'MALLEY: I think Ms. Hurley would like to be heard.

COMPTROLLER FRANCHOT: Well what are the, I guess the question is what within the University System are typical MBE goals that are established in these kinds of hospitality service contracts? And my recollection is it's 20 to 25 percent is customary.

MS. HURLEY: I think that your recollection would be correct in that a dining services contract typically the goals are lower. But they can vary, and goals should vary depending on the scope of services that are involved in each specific contract. With this particular contract the University determined that there were a number of different subcontractable opportunities and thus the 40 percent goal.

What we, certainly everyone recognizes that the Statewide goal is 29 percent. Agencies are supposed to review their procurements in light of that goal, in light of trying to attempt to meet that goal, with their annual spend. And so recognizing that some goals will be rather low, or have no goal at all, then we certainly see the reasonableness of where there are significant opportunities that you would sometimes see a goal as high as 40 percent. Because on balance when you average everything together you would still hope to meet that 29 percent.

That is going to require agencies sometimes going above 29 percent because they will have, as I said, projects with the lower goal.

So in this instance, again, I don't know the specific details of this particular procurement. But certainly when we spoke to the agency they determined that there were significant subcontracting opportunities here to warrant the 40 percent goal.

COMPTROLLER FRANCHOT: Okay. Thank you for giving me that. Do you happen to recall the UMES hospitality contract we approved recently, and what the MBE goal was for that campus? Anybody --

MS. HURLEY: Off the top of my head I would say I don't, it may have been rather low. Because like I said a lot of dining services contracts are low. I'll see if -- I could certainly research that --

COMPTROLLER FRANCHOT: Great.

MS. HURLEY: -- and get back to you.

COMPTROLLER FRANCHOT: Yes. Well, I think my point here is that I don't mind high MBE goals. I'm all for that. But if it ends up with the exclusion of people that would provide some competitive bids on the financials, boy that does concern me especially when you get an incumbent that is in effect being awarded a single bid contract here for nearly \$80 million. I don't know. Doesn't that strike you folks as a valid perception? I'm not saying anything is wrong. But it certainly looks as if the incumbent was selected by removing some

of the competition. And that just, well let me just ask, let me go back to the technical qualifications.

You mentioned that someone was eliminated, one of the three was eliminated. Isn't that the whole point of these competitive bids, that you accept something that may have some technical low scores, but then you look, and you have some kind of a balance between the financials and the technicals, and that's how you? I mean how can you make a determination that a bid should not even be looked at based on -- you see what I'm talking about?

MS. WHITAKER: Yes. Yes. In this particular case based on the RFP, we had seven criteria that were set aside. And the highest was the one that dealt with the program area. Now we submitted it on eMaryland Marketplace and over 90 people were sent this RFP. But only a small number, four or five, responded back to the RFP. So we did have competitive bid by placing it on eMaryland Marketplace based on the budget threshold of being over \$25,000.

When we looked at the MBE, there are five MBEs who have been identified with their specific percentage of what they would do to be able to help with the service along with Thompson Hospitality. So in answer to your question, we did send it out to be competitively bid. Unfortunately, not a lot of people applied. And when we looked at the vendor that was, not disqualified, but did not advance, their scoring was significantly lower with regards to the, what they were able to provide. Thompson's scoring was at 18. The other vendor's scoring was

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at 12. We were looking at services being provided on the North end of the campus where there are no food services or anything like that. And Thompson was able to provide Morgan with a solution to handle that. Our new building CBEIS, which is the architectural building, is there, and the Schaefer Engineering Building is there. And we have no way of providing food or anything like that. The other company could not provide that kind of service on a daily basis. In addition, the other company could not use our Bear Card, which is a single source where students can go and pay for the services there, nor did they accept credit. So that helped to sway us in terms of the scoring for that particular vendor.

COMPTROLLER FRANCHOT: Yes, no, I completely, I can see that completely.

MS. WHITAKER: Okay.

COMPTROLLER FRANCHOT: My concern is why weren't they allowed to bid? Where is the fatal defect in an MBE applicant who comes in and says, yes, I didn't meet the 40 percent but I'm at 35 percent. I mean at least you ought to open up the bid and take a look and see what the finances are. And then secondly, on this other issue of the, you know, technical, technically deficient. I mean, I thought that was the, that was the, that's the point of having competitive bids. Some people are great at technical and not so good, and very expensive. So they get bumped out. Some people are bad, you know, some people are bad in technical --

MR. HILL: I would also like to --

COMPTROLLER FRANCHOT: I mean, isn't that the whole competitive procurement process?

MR. HILL: Yes it is --

COMPTROLLER FRANCHOT: That we let them, we open up the bids?

MR. HILL: It is. What we also did, we had an oral presentation for the companies to come in to also give us an overview of their company and what they could provide, and also answer any of the questions that the committee may have had to kind of help them with some understanding. Help them decide whether, you know, they could provide the service even though they didn't put it technically in the proposal through their oral and be able to give some explanation. And even in that, the answers that they gave were not sufficient for the University, for the committee, to think that they could provide the service that was needed to the level that we need.

Going back to speaking on what Ms. Whitaker was just saying was there were several things that played an effect on how the score was actually done, the scoring was done. Once the orals were actually done, once the companies came in and gave their orals, it was very clear to the committee, which was comprised of not only the University staff, but University students that were, that the Board of Regents asked that there be students on this committee because

the students are, they are who we are serving, and they know a lot of what we, what we need on the University campus just by being able to communicate with the staff. And so when those presentations were done and we came to a conclusion of the scoring, we still found them to be deficient in what they could provide us as far as service at a specific side of campus. They could not guarantee us, which was proposed, a food truck, they could not guarantee that the University would have a food truck in service to be able to provide students in that end of the campus with the service that's needed. To reiterate, they would not accept the University Bear Card. They also would not be able to use, the students would not be able to use their flex dollars on campus. These are mechanisms that keep the students on campus from having to carry cash. So that played a part in the scoring process.

TREASURER KOPP: Can I --

MR. HILL: Yes?

TREASURER KOPP: Can I ask --

COMPTROLLER FRANCHOT: Yes, please. I'm stunned at this

--

TREASURER KOPP: Just so I'm, I'm trying to still understand it.

Three bids came in?

MR. HILL: Yes.

TREASURER KOPP: One of which did not meet, one of which did not meet 40 percent and the other two did?

MR. HILL: Right, that's correct.

TREASURER KOPP: Right. And the one that didn't meet 40 percent said 35, which to me is implicitly asking for a waiver for five, but they didn't explicitly ask for a waiver for five?

MR. HILL: They didn't ask for a waiver.

TREASURER KOPP: That, is that the process? When they come in and they say we can make 35, they don't ask you to waive 35, it means they are just not considered?

MS. HURLEY: We -- yes. We unfortunately have several different, well two different strategies in how we have dealt with this. We have some forms where we have found that it is a problem where vendors will forget to ask for a waiver having not met the goal. And one agency in particular, Department of Transportation who administers the DBE program, has adjusted its form so that waivers are more implicit when vendors don't meet the goal. But the rest of the State, it's very clear that you have to assist, on the forms you either have to check the box saying you met the goal or that you didn't meet the goal and you are requesting a waiver. And the failure to request a waiver --

TREASURER KOPP: Why do we do that? This sounds familiar from another, why don't we just say, have, do we meet 40? Yes or no. If not, how much do you want a waiver for? One hundred percent? Five?

MS. HURLEY: Well I think you make a good point and I think it's why the Department of Transportation changed their form so they wouldn't have to throw vendors out simply because they failed to check the box requesting a waiver and at least they could be evaluated for whether they made a good faith effort to meet the goal and under the waiver. But unfortunately --

TREASURER KOPP: Thirty-five out of 40 is, that's not bad. But so there's that apparently irredeemable error of not asking to waive for five percent though you will say you will meet 35. And then this other one, so that was out from the beginning. And the other one met the 40 percent?

MR. HILL: They met the 40.

TREASURER KOPP: But when you looked at what you needed, it wasn't able to perform some of the things that you felt were essential, like serving the North Campus and using the Bear Card --

MS. WHITAKER: Yes.

MR. HILL: Mm-hmm. Correct. Mm-hmm.

TREASURER KOPP: So it never reached the threshold level of technical points to then lead to opening --

MR. HILL: The financials.

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MS. WHITAKER: The financials.

TREASURER KOPP: And was that laid out in the RFP, that they

--

MS. WHITAKER: Absolutely.

MR. HILL: Yes. Yes.

TREASURER KOPP: -- have to serve the North Campus and the -

-

MR. HILL: Absolutely. Absolutely. Both vendors provided, they provided a solution. The one solution was that the vendor, Thompson that we are proposing to award to, would provide service via a Thompson's vehicle that --

MS. WHITAKER: A mobile unit.

MR. HILL: A mobile unit that would be in the North location all the time, daily.

MS. WHITAKER: Daily.

MR. HILL: A dedicated unit to be there daily. The solution for the other vendor was that they would contact a service in the City of Baltimore that may be able to provide service on some days. We would not know who was going to show up, on which days they were going to show up, what type of food they were serving, if they were serving a taco truck, or if it was going to be a breakfast truck. They could not tell us that. The only thing they said that, well we have a consortium where we can contact these groups of individuals and ask if

they could provide service to you for a day, a week, or whatever. That's not what we were looking for. It was clearly specified that we were looking for service for the North end of campus on a daily basis.

And also the Bear Card played a major piece in that. That was also in the proposal, that we needed them to be able to accept that as part of the service. And there are certain reasons for that. The North end of campus is kind of on the end of campus where there is not a whole lot of traffic going on. We don't want students down there carrying cash if they don't have to. So you know, so therefore, you know, not having to carry cash --

TREASURER KOPP: And this was all clear in the RFP?

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

TREASURER KOPP: That I get. The other, the 35 to 40, I find really --

COMPTROLLER FRANCHOT: Well if I could just reclaim my time?

MR. HILL: Yes?

COMPTROLLER FRANCHOT: I think the whole thing is bad. I mean, I really think the perception here is you have an incumbent vendor. You are giving a \$77.8 million award. And two of the three applicants are disqualified out of hand, admittedly for apparently legitimate reasons. All I'm saying is, that's the whole point of the procurement process. If there are three bids out of

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whatever it was that you mailed to, take them, open them up, look at them, see whether there is any rationale that would argue that, you know, you should perhaps have a different viewpoint. As it looks to me right now, you disqualified them and you know there had been a decision made ahead of time to give it to the incumbent. That could be a perception.

But let me switch subjects here just for a little bit because you mentioned the students who were on the review panel. Did anybody tell the students about the fact that when Towson University did this exact same kind of procurement a year ago that the private sector company, I think it's called Compass Group, not Thompson but Compass Group, that won the contract in addition to being awarded the contract gave Towson capital investments of \$5.2 million; gave a restricted gift of \$500,000, this is from the company, to the new Unitas Stadium; they gave an annual unrestricted gift of \$50,000 a year to the Annual Capital Campaign Fund; they gave an in kind catering fund having an annual value of \$60,000; \$18,000 annual cash contribution for student life; \$2,500 annual in kind contribution to the Student Government Association. All I'm saying is, the list goes on and on where, and you often see these in these campus dining service contracts. There is a whole host of commitments that accompany them. I assume you have got a whole list ready for me to tell me that Thompson is going to, like, like this. And frankly I think a couple of weeks ago I mentioned the University of Maryland Eastern Shore which Thompson won the contract for

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in a competitive bid. They also had a whole host of accompanying contributions to UMES. Do you guys have that?

MS. WHITAKER: Thompson has proposed to give a scholarship in the amount of \$25,000 annually to the University. The University, our experience has been as it relates to capital enhancements that we have found it to be much more feasible for, well we find it the norm that there is some kind of repayment schedule. And we have found it more feasible at the University to use University funds for those kinds of capital investments rather than using the contractor's contributions. And so in this particular procurement we worked long and hard from the technical side of the house with representatives throughout the University. And that included three students, we had faculty persons, staff persons, a total of nine persons on the committee. And one of the ground rules was that we were to evaluate the RFP, I'm sorry, evaluate the proposals against the RFP. And we made it real clear that if, you know, if companies were offering contributions it was going to be difficult to evaluate because the technical committee, if you will, did not deal with finances at all. We just dealt with the program aspect of the RFP. And so in that regard we wanted to make certain that we were evaluating apples to apples. And that any financial kinds of contributions and support would be a part of the financial proposal.

COMPTROLLER FRANCHOT: No, that's great. I don't mean to interrupt but you are not comparing apples to apples. You are comparing apples to nothing. Because there is only one bid.

MS. WHITAKER: No but --

COMPTROLLER FRANCHOT: And that is the problem here.

MS. WHITAKER: Right.

COMPTROLLER FRANCHOT: And you know, I respect all of the explanations that I have heard but I think this particular contract, which is because of the magnitude of it, I did not have this opinion before I walked in, but I'm voting against it. Because I think this is just not right, given the amount of public dollars that are associated here and the lack of any kind, I mean, how can you negotiate with a private company on any sweeteners that every other campus apparently negotiates with on a regular basis? And you guys just say oh, well, we don't do that, I guess, because it wasn't in the RFP. I mean, did you hear that list of what I read off, about Towson? And what about UMES? Does anybody here remember what UMES got? I mean they --

SECRETARY MCDONALD: -- they didn't actually say. They did have their . . . I have it in front of, I'm not sure --

COMPTROLLER FRANCHOT: Yes.

SECRETARY MCDONALD: They did get in kind renovations --

COMPTROLLER FRANCHOT: Yes. And I'm saying that that is just a matter of negotiation, and you guys can't negotiate because there is only one bid. I don't know. I don't mean to be harsh and I don't mean to get hot under the collar, but I think this is a, this should be sent back and rebid and there should be some competition. Right now we have no idea. The first question I asked was what were the other, the financials, what did those two people bid?

MS. WHITAKER: But we can't open them, Mr. Comptroller --

COMPTROLLER FRANCHOT: Exactly.

MS. WHITAKER: -- if they don't advance. I truly heard what you said in terms of the competition. But we can't make people apply if, like Towson you talked about Compass, or whatever that company was. They had an opportunity to submit a proposal as well as any other company. So you know, we're sort of, our hands are sort of tied if in fact you don't submit a proposal.

Now with regards to the proposals that you, that were submitted, we hear what you are saying in terms of the competition. But when we look at the, and I don't want to rehash this, but we are following the RFP that was written. Now maybe we need to go back in and look at that RFP, and restructure it in a different way --

COMPTROLLER FRANCHOT: Ten-year, \$80 million contract, no competition. Incumbent wins. Opponents disqualified, other bidders. It's not

right. You should go back, you in my humble opinion should go back and rebid this.

MS. WHITAKER: Okay.

TREASURER KOPP: Can I just say, I think it's a five-year contract, actually.

MS. MCCULLOUGH: Right, five-year --

TREASURER KOPP: Five-year base contract.

MS. MCCULLOUGH: Yes.

TREASURER KOPP: And there was competition, there was not price competition, there was competition to the stage of technical capacity. And I heard what you said about the two. I didn't read the RFP, but I have to trust you that it was laid out in the RFP and that the North Campus would be served in a certain way and that the students' food card would be used.

MS. MCCULLOUGH: The Bear Card, yes.

TREASURER KOPP: So I think there was competition, that the second firm simply didn't make it through the technical competition to a level to be, I assume you would say they couldn't provide the services that were needed regardless of --

MS. MCCULLOUGH: Right --

TREASURER KOPP: -- unless they --

MS. MCCULLOUGH: -- very strong, it was a very strong --

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TREASURER KOPP: I mean, I guess in practical terms if their bid was so terribly low you could get somebody else to do just the North Campus in another contract, I mean completely redo that.

But the other thing, you were following, you were following procedures that other agencies follow, I gather. I don't understand why they don't all follow the procedure that Transportation does, however.

MS. HURLEY: Well and now, quite frankly this is not a situation that arises often in most of the State government. It's something that happens more frequently at MDOT because they have certain counting rules that led to contractors' miscalculating the percentage. Now that the concerns have been raised and certainly we have the situation, we will go back and change the form so that it is consistent across all agencies.

TREASURER KOPP: It just seems like an unnecessary administrative hurdle to go through. Right?

MS. WHITAKER: And Secretary Kopp, we are following the MBE Certified Utilization and Fair Solicitation Affidavit that we have gotten from the Minority Business Office. Okay? And so --

TREASURER KOPP: Oh, I don't doubt that. I understand that. What I'm saying is when you ask for 40, which is high, somebody puts in 35, there ought to be a way to either go back and say, "You mean you want to waive five?" And they say, "Yes, that's what we mean." You know, I mean, if you

don't say I want to waive five, then you don't count. I mean, that does not rise to a level of, I think --

MS. WHITAKER: But see --

TREASURER KOPP: But that's what I gather the process calls for.

MS. WHITAKER: Yes. It comes down to --

TREASURER KOPP: It should be changed.

MS. WHITAKER: -- the procurement law. The procurement law says is this a minor irregularity? Okay? We viewed it not being a minor irregularity.

TREASURER KOPP: All I'm saying is the form could change to make it clearer for people that they are not, when they say 35, implicitly saying, and we don't mean 40. Say, they say 35, and therefore, one line maybe, 35, and therefore not, we ask for a waiver of everything up to 40. Or something, but at any rate, I'm prepared to support this. So -- what do you, you look, am I saying something wrong?

GOVERNOR O'MALLEY: What would be the harm in rebidding it? Going back and doing this?

MS. MCCULLOUGH: The existing contract expires May 30th.

TREASURER KOPP: Do you have a big summer school?

MS. WHITAKER: Well that's why we --

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MR. HILL: And should I add when we had, when we had a pre-bid, when we had the pre-bid, we had 26 individuals to show up representing six different companies. And those individuals, they all were given the outline of what was to happen with the MBE, if they were not able to provide the MBE goal. They were all given the rules of bidding, actually. And they were given a campus tour. Several of the vendors came back at minimum three times to kind of make sure that they were clear on what they were able, what they needed to provide to the University. So even out of those six vendors that showed up for the pre-bid, you know, we felt that ample time was allotted for them to be able --

GOVERNOR O'MALLEY: And the reason they were disqualified was why?

MR. HILL: Pardon me?

GOVERNOR O'MALLEY: And why were the others all disqualified?

MR. HILL: Well the others just didn't submit.

GOVERNOR O'MALLEY: Okay. And how many did and were disqualified?

MR. HILL: Well we had three vendors to submit.

GOVERNOR O'MALLEY: Uh-huh.

MR. HILL: One was an MBE issue, and one score was low on the technical, and the other score moved forward to have their financials reviewed.

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MS. WHITAKER: To answer your question, Governor, what would be the worst thing? We would have to go on, and I'm not sure that that would be the worst, a month to month contract with the existing vendor if we rebid it --

GOVERNOR O'MALLEY: Mm-hmm.

MS. WHITAKER: -- okay? Since the contract is ending at the end of the month.

GOVERNOR O'MALLEY: I'm reminded that Towson only had one as well, hm?

SECRETARY MCDONALD: Towson had only one bid. What they said a year ago this time, in May of 2013, Towson said four firms attended the pre-proposal conference. Only one offeror submitted a proposal. Inquiries to non-responding firms disclosed that several institutions and regions were soliciting proposals from the industry simultaneously. The University determined that other prospective offerors had reasonable opportunity to respond and therefore recommends only one bid.

GOVERNOR O'MALLEY: Okay. All right. The Treasurer moves approval, Governor seconds --

COMPTROLLER FRANCHOT: If I could just explain my no vote?

GOVERNOR O'MALLEY: Okay. All in favor signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed? One no vote.

COMPTROLLER FRANCHOT: Thank you.

MS. WHITAKER: Thank you.

MR. HILL: Thank you.

COMPTROLLER FRANCHOT: No, hold on because I'm explaining my vote. I believe this is a failed procurement. And it is a ten-year contract for almost \$80 million. Yes, five years but it has five one-year options added on. The vendor, the competition as far as I'm concerned was arbitrarily disqualified. The deal compared to the Towson deal is far inferior. I mean, you obviously left millions of dollars of contributions from the vendor on the table. I believe that the process from my standpoint appears to be biased towards the incumbent. And when you do something like that it does not serve the taxpayers. So I would suggest that you do the right thing and despite the vote, extend the current contract, rebid the whole project, come back with some real bid competition and a transparent scoring system that serves as the basis for your decision. Because this stinks, period. Yep, this is just handed with a big bow tied around it to the incumbent. So hats off to Thompson, they, whatever they did,

worked. But this is not a good deal for the taxpayers. Thank you, Governor. No vote.

GOVERNOR O'MALLEY: Okay. The Comptroller votes no. How about any other issues on the Secretary's Agenda?

TREASURER KOPP: Could I just add something just for the University people who are here? I hear what the Comptroller says and I remember the ones we have approved in the past and, this is not your contract, I understand that when you renew food facilities there often is a need to make physical improvements, to make changes to help you deliver your services better and I think that that is totally appropriate. I have to tell you that I have been troubled the last few times when we get to the financials and all of a sudden competitors start throwing in things that may or may not be directly related to improving the food service. I'm not sure, I think it's great they want to support the University. There are ways to support the University. But I would hate to have people think that somehow it's, that you've got to put in little extraneous add-ons not totally related to the contract to get a contract. And I just have to say I should have spoken out more strongly when we saw this before, and I didn't. But I --

MS. WHITAKER: Thank you.

TREASURER KOPP: -- I just don't think it's the way Maryland should be doing business.

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COMPTROLLER FRANCHOT: Yes, well I appreciate that. But -

-

TREASURER KOPP: But if it's needed for food service, that's a different issue.

COMPTROLLER FRANCHOT: Yes, no, but we would hate to think that something was fixed for one of the vendors, one of the applicants --

TREASURER KOPP: Absolutely.

COMPTROLLER FRANCHOT: -- because of something that is out of the ordinary, like this looks.

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: This looks like it was fixed for the incumbent and I, I just can't believe we are moving ahead with this.

TREASURER KOPP: Always when the incumbent is the only bidder I wonder about that.

COMPTROLLER FRANCHOT: Yes, and the others are arbitrarily -- you know it's like me running for an election --

TREASURER KOPP: But they are not the only bidder here.

COMPTROLLER FRANCHOT: Okay, I'm on the ballot and I figure out some way to bump off the opponent that I might have because of a technical problem. Gee, that would take me a quick minute to make up my mind.

But the people don't benefit from that. The community loses. Because then I am

all by myself. That is not the way this system works and I really am concerned that Morgan of all places has put itself in this position. And you know, I have made my statement but this is not right. And I hope that you correct it yourself, voluntarily. Go back and say to Thompson, "You know what? We should have had competition. We're going to redo it. You are the incumbent." It's nothing for them to extend the contract for another six months. And get some competition and come back to us. And I would be delighted if there was competition with both technical and financial scores, like the system is intended to produce, to go along with whatever your decision is. But not like this.

MS. WHITAKER: Thank you.

MR. HILL: Thank you for your time.

GOVERNOR O'MALLEY: Thank you. Any other issues on the balance of the Secretary's Agenda? Secretary's Agenda, Mr. Comptroller? No?

COMPTROLLER FRANCHOT: No, move approval.

GOVERNOR O'MALLEY: Okay, the Comptroller moves approval of the balance 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. Real Property?

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MS. WILSON: Good morning, Governor, Mr. Comptroller, Madam Treasurer. Emily Wilson with the Maryland Department of Natural Resources. We have eight items on our Agenda today. I'll be happy to try to answer any questions.

GOVERNOR O'MALLEY: Any questions? Hearing none, the Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

MS. WILSON: Thank you.

GOVERNOR O'MALLEY: Thank you. Department of Budget and Management?

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

TREASURER KOPP: Yes, I have a question on Number 2. Which doing something my colleagues do, I don't usually, I actually have no question on Number 2 but I have a question for DHMH.

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(Laughter.)

TREASURER KOPP: You learn. Mr. Kim, we have been reading recently the MERS virus emerging in the United States now, come from Saudi Arabia presumably by a person who was on an airplane. And the latest thing that was in the paper was that in a hospital in the South the person who was infected had to wait around for several hours in the emergency room with a lot of people around them, thereby potentially infecting those people with a very serious virus somewhat akin to the SARS virus of several years ago.

And I remember when we went through the concerns about SARS and about Ebola, actually, there was a whole regime across the State that involved both the public hospitals, the doctors, pharmacies, to try to get early warning, red flags, etcetera, for an invasion if something that was a communicable, dangerous disease, perhaps without even antibiotic, great antibiotic treatments available, were coming. And, but then we have had a quiet period, a relatively quiet period as I understand it, although maybe I have been misled. And I just wanted to know if we are in the shape now to jump on something. If we've got the network and what we plan to do when things like this come? And obviously just to play my same old string again, with a changing climate and the impact of climate changes on animals, plants, etcetera, and our biota we are going to be seeing more of these, I think. So what do we do?

And I don't, you don't have a have a huge briefing here. Just know I would like to hear back, and I assume my colleagues would at some point, about how Maryland is prepared?

MR. KIM: Sure. I appreciate the question, Madam Treasurer. As far as Middle East Respiratory Syndrome is concerned, there have been no cases reported in the State of Maryland. The Secretary and our Office of Emergency Response has been in touch with all hospitals and doctors throughout the State --

TREASURER KOPP: Okay.

MR. KIM: -- since 2013 regarding MERS itself.

Now as far as when and if a case is identified in the system, that will trigger a whole series of protocols as it relates to communication to all Marylanders and even prior to an event or a case being identified, the department will have a series of communications. The details of which I'm happy to inform the Secretary we will be able to provide, you know, to you in much more detail.

TREASURER KOPP: No, I'm just concerned that there be an early warning system in place. I hear, I think, that there is.

MR. KIM: The details of which we will be happy to provide to you and the rest of the Board members. And I'm sure the Secretary will be happy to engage in a conversation about the best ways to inform the public of MERS or any future communicable disease.

TREASURER KOPP: Okay. I look forward to hearing more.

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MR. KIM: Sure.

TREASURER KOPP: Thank you. These things move quickly or they seem to go on quietus for quite a time, and you don't know which. Thank you.

GOVERNOR O'MALLEY: Okay. Are we moving now to the -- we did Real Property, right?

MS. FOSTER: So this was the DBM Agenda. The Treasurer just had a question for Mr. Kim.

GOVERNOR O'MALLEY: Okay. Did we approve DBM? Or --

MS. FOSTER: No.

GOVERNOR O'MALLEY: Okay.

MS. FOSTER: The Treasurer just asked a question.

GOVERNOR O'MALLEY: The Treasurer moves approval of the Department of Budget and Management Agenda, 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 now move to --

SECRETARY MCDONALD: University System --

GOVERNOR O'MALLEY: -- of Maryland.

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SECRETARY MCDONALD: John Farley is here. The University System has ten items today. I don't know if any of them --

MR. FARLEY: Good morning. I'm John Farley, Assistant Vice President at the University of Maryland College Park, standing in for Jim Stirling who is sick, unfortunately for me. So I believe we have ten items for your consideration. Do you have any questions that I may attempt to respond to?

GOVERNOR O'MALLEY: Okay. Any questions? No? The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on now to Department of Information Technology.

MR. URBAN: Good morning. I'm Greg Urban with the Department of Information Technology. Mr. Governor, Madam Treasurer, Mr. Comptroller, I have seven items on the Agenda. I'm happy to answer any questions for you.

GOVERNOR O'MALLEY: Any questions?

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.

MR. URBAN: Thank you.

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

MR. SMITH: Good morning again. For the record, Jim Smith representing MDOT. We have 19 items for your consideration, as Item 7-AE has been withdrawn. I will be happy to answer any questions that you may have.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

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

MR. THOMAS: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Bart Thomas, Deputy Secretary, filling in for Secretary Collins. He is out doing great service today. The department has 29 items including one supplemental on our Agenda. We are withdrawing Item 29. We'll be glad to answer any questions you may have at this time.

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 and that concludes our Agenda. Thank you all very much.

(Whereupon, at 11:48 p.m., the meeting was concluded.)