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

June 22, 2016
10:06 a.m.

PRESENT

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HONORABLE NANCY KOPP

Treasurer

HONORABLE PETER FRANCHOT

Comptroller

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PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Good morning, everyone.

AUDIENCE: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning, Mr. Franchot.

COMPTROLLER FRANCHOT: Oh boy, yep.

LIEUTENANT GOVERNOR RUTHERFORD: Senior, welcome back. I'm just going to have a couple of things to say. We had a pretty rough storm yesterday, particularly in my home county, Howard County. I happened to be around for it and as of this morning approximately 4,000 homes are still without power, including Mark's home. Cold showers. And so we're very thankful, though, that there weren't any injuries during the night, too. But some property damage, substantial property damage, and some work to be done. And I was in contact with County Executive Kittleman yesterday. He didn't feel at that time that he needed our immediate help but we are reaching out to him again today. And I know he was at Maryland Emergency Management talking to the folks up there. And so whatever we can do to help, we will.

That said, I'll turn to the Treasurer.

TREASURER KOPP: Good morning. It's a pleasure to be here. And I look forward to going to work.

LIEUTENANT GOVERNOR RUTHERFORD: Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor and Madam Treasurer. And I agree with you. I hope everyone had a wonderful Father's Day. And I, you know, try to dragoon my father into coming down here. I tell him people like him better than they like me. So Dad, welcome. And I'm glad that you're joining us for today.

Obviously all of us as we read the papers the last week or so, couple of weeks, it's almost, well it's tough to turn on the news with all the terrible things that are happening in the world, like the massacre in Orlando where so many innocent lives were tragically taken by a hate-filled terrorist. So times like these can overshadow the good in the world, the countless people that I run into in our State who are working with no pay, little recognition, to make a difference in their communities.

Over the past three months I've been privileged to travel across our State to honor individuals and organizations with the William Donald Schaefer Helping People Award which recognizes those who exemplify Governor Schaefer's commitment to public service and making a difference in the lives of others. All the recipients of this year's award are incredibly inspiring.

I went up to Carroll County and visited Rita's Closet. And what's that? It's a nonprofit started by a woman whose daughter bought a prom dress, two days later tragically died in an automobile accident that she had no responsibility for and in the trunk of the car was her prom dress. So she started Rita's Closet, which has got about 600 prom dresses in it for disadvantaged kids who traditionally don't go to the prom because they don't have any money to buy a prom dress. Rita's Closet. I'm sending up six prom dresses that my daughter has had up in the attic.

LIEUTENANT GOVERNOR RUTHERFORD: How old is your daughter now?

COMPTROLLER FRANCHOT: She's 34. And she said, Dad, she doesn't want them. But I said, God, when did I end up buying six prom dresses? But that's, but they'll be used in Rita's Closet.

Or a group in Montgomery County called A Wider Circle, a dedicated group of individuals who are committed, get this, here's their goal in Montgomery County, ending poverty. Unbelievable establishment. All done, funded by the public. Huge warehouse, enormous outreach, no recognition generally.

Or Tracey Williams in Howard County, a tireless advocate for the homeless, especially for homeless students in the Howard County School System.

And in the coming weeks I'll be traveling to Baltimore to meet

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with folks at Maryland Hunger Solutions, an amazing organization working to provide food to low income students during the summer months.

And there are unsung heroes like Kristin Weed, who is organizing people to clean up trash from waterways and public spaces in Kent Island. Every Saturday this woman is out with volunteers and a whole bunch of kids, every member of her family, picking up trash along the, in the Kent Island.

So our State is truly blessed to have literally thousands of incredible people and nonprofit organizations that are making a difference within our communities each and every day. And in these times of great turmoil, tragedy, and sadness it is the generosity, the kindness and compassion, that Marylanders across our State exhibit that give me hope and inspire me even when things seem bleak and hopeless that the goodness of mankind will always triumph the evil that is out there.

So Governor, I didn't mean to go on and on and on on that, but we have unbelievable resources in our State. And you, I know, travel and see that also --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: -- all the time. And sometimes we don't talk enough about it.

LIEUTENANT GOVERNOR RUTHERFORD: That's a very good point. And I don't know if it was yesterday's *Washington Post*, or the

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weekend, but there was a very good story on MCVET's, which is in Baltimore City. And they provide services for homeless veterans, and particularly those who are suffering from substance abuse disorder. And they've been doing wonderful work. The First Lady had been out to visit them but it was good to see that they were recognized in an article in the Washington paper that talked about the good work that they do.

One other thing, and I didn't mention it, I just found out that today is also Mark Nugent's birthday. So --

COMPTROLLER FRANCHOT: Oh boy.

LIEUTENANT GOVERNOR RUTHERFORD: -- along with cold showers, a good way to start, there are a lot of people who preach cold showers invigorate you and are good for longevity. So --

MR. NUGENT: (Indiscernible) for the power outage.

(Laughter.)

COMPTROLLER FRANCHOT: And I didn't want to leave out the Treasurer, because she travels all over the State also. And you know, we, there's a lot of good things going on that don't get mentioned.

TREASURER KOPP: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: And I know, Nancy, you agree with me. And it's --

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TREASURER KOPP: Absolutely.

COMPTROLLER FRANCHOT: -- pretty remarkable.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well thank you. Madam Secretary?

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 20 items on the Secretary's Agenda, two reports of emergency procurement. Item 11 is being withdrawn. And we're prepared for your questions on the remaining, remainder of the Agenda.

LIEUTENANT GOVERNOR RUTHERFORD: I'd like to point out Item 19.

SECRETARY MCDONALD: Item 19, Dr. Jordan is here from St. Mary's College of Maryland.

TREASURER KOPP: Oh.

LIEUTENANT GOVERNOR RUTHERFORD: Oh.

SECRETARY MCDONALD: She's sitting here with her Vice President Chip Jackson. Maybe Chip can bring her up. He's been up here before. This is our first opportunity to have Dr. Jordan at a Board of Public Works meeting, though.

TREASURER KOPP: Ah.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.
Good to see you.

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DR. JORDAN: Good morning. It is a pleasure and an honor to be here. Good morning, Treasurer --

TREASURER KOPP: Good morning.

DR. JORDAN: -- Comptroller, and Lieutenant Governor. I'm Tuajuanda Jordan, President of St. Mary's College of Maryland and I bring you greetings from the State's only liberal arts honors college.

St. Mary's College, the smallest public institution in the State, packs a big punch both within the State and nationally. We're ranked not only as one of the best liberal arts colleges in the nation but also in the top ten of public liberal arts colleges. And we have the seventh highest four-year graduation rate of any public institution in the nation.

We offer a dynamic curriculum grounded in the liberal arts where more than 25 percent of our graduates have degrees in the STEM fields. Our curriculum and our faculty are responsive to the challenges of the 21st Century. For example, we've just recently developed a program in materials science. One of the faculty in that program is an alumnus who has received patents and national attention for his work developing a way where anyone can create their own solar panel by spraying the nano material on a plastic sheet.

It is an honor to be here today. We thank the Governor for having this project in his budget. It is a transformational opportunity for St. Mary's College. We are happy to bring you today a naming opportunity for this new

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facility. You challenged us to raise a portion of the capital funds for the project that includes this complex. I am proud to report that we are just about to complete our building campaign.

The Roberts family has made a significant gift that includes the naming of the stadium in honor of their daughter, who was one of our most beloved and talented student athletes, Jamie L. Roberts. Our board of trustees approved the naming at its June 9th meeting. We're now seeking the approval of the Board of Public Works to name our athletic stadium the Jamie L. Roberts Stadium. I'd be happy to answer any questions.

TREASURER KOPP: Madam President, for posterity could you remind us a little more about Jamie and --

DR. JORDAN: So Jamie was an economics major and she graduated in 2011. She played three sports. She was a starter on all three: women's lacrosse, basketball, and soccer. In 2014 she was participating in a cross-country bike ride for cancer awareness. It was a 4,000 and some odd mile trip from Baltimore to Portland, Oregon. At one point she stopped on the side of the road with a group of the other riders to change the tire on her bike because it had gone flat. At that time she was struck by a truck and killed instantly. So, yeah, she was just a wonderful human.

TREASURER KOPP: A great student, a great daughter of the college, and a great tragedy.

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DR. JORDAN: Yes. Yes.

LIEUTENANT GOVERNOR RUTHERFORD: So the work at the stadium, will it then preclude the students from bringing their couches and watching athletic activities?

(Laughter.)

DR. JORDAN: I don't think anything can preclude the students from doing that. But we will discourage it.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: That's a tradition at St. Mary's.

DR. JORDAN: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: So for those listening and don't understand that, I was not trying to be difficult. That's a tradition at St. Mary's. Well, thank you.

DR. JORDAN: Thank you so much.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you --

TREASURER KOPP: Can I just say, this is the first time the President I think has been here?

DR. JORDAN: Yes, that is correct.

TREASURER KOPP: Since you became President of St. Mary's. I just want to congratulate you. It's a wonderful institution. It was a great

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experiment when it started and it's one of those experiments that's worked out terrifically well for Maryland and for the students, I think.

DR. JORDAN: Only one other institution in this country has replicated that experiment. So there are only two honors liberal arts colleges in the country. And what we do is phenomenal because as you know it is to provide an excellent liberal arts education, which is incredibly expensive, but it has to be accessible and affordable to everyone. And that balance, that tension, is wonderful because it sparks creativity and innovation. And I think that's what kept us as a leader in the country for what we do down there on that beautiful peninsula.

TREASURER KOPP: Congratulations.

DR. JORDAN: Thank you so much.

COMPTROLLER FRANCHOT: Can I just ask Dr. Jordan, you have a doctorate in biochemistry, are you able to keep your hand in with teaching or are you --

DR. JORDAN: No.

(Laughter.)

DR. JORDAN: You cannot, you know, and I'm going not go along too long, but to be a scientist you have to be engaged constantly with your art and your craft. And being an administrator is a huge job. I can't get close to a lab. I can't even get close to a classroom. So every now and then they let me

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come in and peek in and pretend I know something still, but I cannot teach full time. That's for certain.

LIEUTENANT GOVERNOR RUTHERFORD: Well thank you.

DR. JORDAN: Thank you so much.

LIEUTENANT GOVERNOR RUTHERFORD: I guess I have a question on Item 20, Morgan State.

SECRETARY MCDONALD: Yes. Ms. McCalla is here from Morgan State. This is the pre-construction services for the student service center. Kim?

MS. MCCALLA: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MS. MCCALLA: Kim McCalla, Associate Vice President of Morgan State University. How may I answer your question?

LIEUTENANT GOVERNOR RUTHERFORD: This project is to replace the Montebello facility?

MS. MCCALLA: No, not in total. It, many of the occupants out of Montebello will come out, but not everybody.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. And what's the plan for the remainder of Montebello?

MS. MCCALLA: Eventually to have it demolished as soon as I find a new location for everyone.

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LIEUTENANT GOVERNOR RUTHERFORD: Yes. Okay. Was the planning money in the capital budget for --

MS. MCCALLA: The demolition?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MS. MCCALLA: No, not yet.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. But the planning money that was in this, well it was in previous and then was moved out, the planning money that has been put in this year's capital budget, or I should say '17 budget, is going to address this project?

MS. MCCALLA: The planning money that's going in for the student services building is the design, starting the design money.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. MCCALLA: And so we can get that project moving. So we'll be back several times for this project.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well I just wanted to point out that it was good to work with Dr. Wilson to get the project moving. I know there were some concerns early on in the original capital budget with regard to Montebello in particular. And I was glad that we were able to work through that process.

MS. MCCALLA: And we appreciate all of the assistance that we have and we're looking forward to starting the design and construction of the building.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. My fellow alumnus at Howard are getting jealous that I spend so much time at Morgan.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: So but --

MS. MCCALLA: Well welcome them on up.

LIEUTENANT GOVERNOR RUTHERFORD: -- it's a State institution. But thank you.

TREASURER KOPP: Governor, I think it's worthwhile to point out to everyone else here that at your last meeting, at the last meeting of the regional, regional meeting of the Procurement Task Force --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: -- people took particular effort to point out Kim --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- and the way the university was proceeding with the procurement as an example for the other institutions of how things should go. I'm sure there are ups and there are downs. But you don't usually hear people being called out --

LIEUTENANT GOVERNOR RUTHERFORD: Yes. That's true.

TREASURER KOPP: -- for good work in procurement.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MS. MCCALLA: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: And thank you for reminding me. Yes, the vendors, and particularly the architects --

TREASURER KOPP: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- who tend to be a feisty bunch, for any architects that are here, were very complimentary.

MS. MCCALLA: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: And without disparaging some of the history, when I was here before the process didn't work as well as it did at Morgan. And you've definitely improved the process substantially.

MS. MCCALLA: Thank you very much.

LIEUTENANT GOVERNOR RUTHERFORD: So thank you. Any other questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: I have a couple of items --

LIEUTENANT GOVERNOR RUTHERFORD: Oh --

COMPTROLLER FRANCHOT: Items 6, 7, and 8.

SECRETARY MCDONALD: Is Greg Cole here and Darla Garrett, I don't know, Mr. Ward? Who is coming from the Commerce Department? These are Items 6, 7, and 8, for the Board of Public Works as an account from the video lottery terminal account that is used to give money to fund managers through the Department of Commerce. And those fund managers then deploy that money out and through loans and investments to small, minority, and women-owned businesses. Mr. Cole from the Commerce Department is here to answer your questions on these items.

COMPTROLLER FRANCHOT: Terrific.

MR. COLE: Good morning.

COMPTROLLER FRANCHOT: Welcome. So as the Secretary mentioned, we're being asked to disburse more than \$22 million in revenue from the State's slots program to a group of seven fund managers who will use this money to support the growth of small, minority, and women-owned businesses by allocating loans, investment capital, etcetera. We'll also approve today a five-year contract with a Largo based firm, FSC First, which will add them to our stable of VLT fund managers.

With the exception of FSC First, the fund managers who are being approved by the Board today are incumbent managers. Most of them are either government or quasi-government economic development agencies, I believe.

Given that these incumbents have a track record that we can review, I want to ask

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a few questions about the record of success. Of the small businesses that have received loans and capital from these firms how many are still in existence, estimating?

MR. COLE: As far as we know, and for us for them not to be in existence would be recorded by a default, any charge off of a loan.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. COLE: And as we speak, I am not aware of any charge offs in this program.

COMPTROLLER FRANCHOT: Okay.

MR. COLE: Given the market niche that is being loaned to, I would say that the performance record of these loans so far is surprisingly good.

COMPTROLLER FRANCHOT: Got it. Excellent. And have you found that they have expanded their operations and tapped into new markets, increased the size of their work forces generally? Or is that not something you keep track of?

MR. COLE: Well, we do. And let me recount one current situation because there was a concern about monies getting outside of the Baltimore metropolitan area, out into the rural regions. And we have instructed fund managers that they need to reach outside their geographic boundaries. And we did not create any franchise areas so that it fostered competition between the

fund managers to reach out. And one case in point, going on today, is assistance to a loan being made in Chestertown, the Lemon Tree Restaurant --

COMPTROLLER FRANCHOT: Good.

MR. COLE: -- where to facilitate a bank senior debt financing of some \$600,000, the Tri-County Council of Western Maryland, so an example of how far this program will reach, from Garrett County to help a company in Kent County, Chestertown, is doing a \$260,000 subordinate debt to enable the bank to do their senior debt. And then I am in turn pledging a \$250,000 MIDFA guarantee to secure the bank's debt. So the program is starting to work across geographic limitations that was a problem in the beginning.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. COLE: People naturally want to lend in and around their neighborhood. But the point is, this is State money. It's Statewide.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. COLE: So we're seeing it happen.

COMPTROLLER FRANCHOT: No, I've eaten at the Lemon Tree. It's excellent.

MR. COLE: You'll continue to, sir.

COMPTROLLER FRANCHOT: So I'm glad they're moving forward there. In your analysis I see a lot of assessment of how these quasi-government agencies are getting money out the door, which is obviously an

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important analysis. I don't see a lot of analysis of the results of the investments, other than what you're communicating today. I wonder if there is some briefing material that I'm missing?

MR. COLE: No we, and this is a work in process. If you can recall back four years ago the statute that created the program did not have a great deal of guidance. So in working with the Board of Public Works work group, and the legislative auditors to, if I can characterize it, put meat on the bone, we have been adding things into the program that we want to see from our fund managers. They are now reporting into the Department of Commerce Sales Force Program on number of jobs, dollars leveraged. That's something that initially we weren't considering. We want to know if we are lending a State dollar, are we also leveraging one to five dollars of private sector money? Because that's also the goal of the program. You will see that going forward in our reporting.

COMPTROLLER FRANCHOT: Okay. And I notice there's a lot of praise for the Anne Arundel, Howard, Baltimore County, Baltimore City Economic Development Agencies that, as you say, are under your, on this list. And I'm returning to your point about urging them to look to areas of the State where they traditionally don't. But I'm just wondering how realistic that is. I understand the one example you gave me. But these local economic development agencies obviously have familiarity and comfort with their own areas. Wouldn't it make sense to recruit fund managers from, well let's pick a county, my home

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county, Montgomery, which is filled with entrepreneurial women and minority-owned opportunities.

MR. COLE: Mm-hmmm.

COMPTROLLER FRANCHOT: And well let me just ask, how many, how much money has been invested in small and minority-owned and women-owned businesses in Montgomery County? The biggest county in the State?

MR. COLE: I do not have that answer but I will get it for you. We can break these out geographically.

COMPTROLLER FRANCHOT: Well we always know what the answers are anyway.

MR. COLE: Okay --

COMPTROLLER FRANCHOT: It's very, yeah, we're talking, you know, nine, I think, or six.

MR. COLE: Okay.

COMPTROLLER FRANCHOT: I mean, it's not very many.

MR. COLE: Relative to the size of the area, yes. I would agree.

COMPTROLLER FRANCHOT: It's the biggest in the State.

MR. COLE: And one of, one of the things that we have enforced through our contract this year is we want commitments from the fund managers to lend outside of what they perceive to be their geographic area. Now understand

they are limited in one respect in that by statute 50 percent of their funds must be loaned within defined term target area, which is an area surrounding a video lottery terminal facility. But this year with the help of the Board of Public Works work group we were able to expand those targeted areas from the original definition of ten miles to include entire groups of counties. So some of that restricted lending is being self-corrected by the fact that their targeted area for 50 percent is now larger. We were able to fix that this year.

COMPTROLLER FRANCHOT: Well \$11 million of this \$22 million, that's 50 percent --

MR. COLE: Mm-hmm.

COMPTROLLER FRANCHOT: -- I take it is eligible for a county like Montgomery?

MR. COLE: Montgomery is, yeah, the non-targeted \$11 million.

COMPTROLLER FRANCHOT: Yeah.

MR. COLE: Yes, sir. You're correct. It is.

COMPTROLLER FRANCHOT: Okay. So I believe that it would be helpful, much as I, you know, we in Montgomery have good relations with other counties, you're putting the new fund that you're adding, FSC --

MR. COLE: Mm-hmm.

COMPTROLLER FRANCHOT: -- is in Prince George's County. That's good. But you need one in Montgomery. Because that's a million people.

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It's got tremendous opportunities for the target of this. I'm the last one to be their ambassador, because I hate slot machines. I think they're ridiculous. But given what it is, this is a program that should have a fund manager in Montgomery County because, let's be honest, Howard County is going to take care of Howard County. Baltimore County is going to take care of Baltimore County. That's just the way it is. Help us out there. Give us something in Montgomery.

MR. COLE: There are two ways to affect the lending. The first is in order for these fund managers to make a loan, somebody has to refer it into the program. So we rely on the county economic development offices to identify prospects and refer them to the fund managers. I will reinforce that with Montgomery County Economic Development, number one. And number two, I will again invite them to put in an RFP in FY '18 to become a fund manager. They have not yet done that. But I will share your thoughts with them and make sure that they give it serious consideration. And I will remind them repeatedly to make referrals to our fund managers.

We, just like in the case of Tri-County Council of Western Maryland, they did not know that Lemon Leaf needed to make a loan until somebody at the bank level called and said, do you have anything that can help us with the sub-debt? In that case we were able to engage money from there to help here. This is an information sharing process. But --

COMPTROLLER FRANCHOT: Yeah. I --

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MR. COLE: -- will make an admission.

COMPTROLLER FRANCHOT: I'm with you. I'm just saying --

MR. COLE: Yes, sir.

COMPTROLLER FRANCHOT: -- you added one in Prince
George's --

MR. COLE: Yes.

COMPTROLLER FRANCHOT: -- find one there in Montgomery.

MR. COLE: I will, I will do that.

COMPTROLLER FRANCHOT: Because all things are local and
geography has a big pull in this State, in particular. I mean, try going and
enlisting Montgomery County to fund economic development projects in
Baltimore City. You know. Good luck.

MR. COLE: Well we are making it a requirement of the
incumbent fund managers that they are going to lend outside of their geographic
comfort zone.

COMPTROLLER FRANCHOT: I hear you. I just don't, I'm
dealing with human nature.

MR. COLE: Yes, sir. I --

COMPTROLLER FRANCHOT: So if you could, I would
appreciate it. And you know, anyway, thank you, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. I think part of it is a marketing issue, too. I don't know if, you know, as many Montgomery County firms are aware of this program. I mean, that's something that maybe would be incumbent on the existing fund managers as well until we can get to that point of having Montgomery County fund managers.

MR. COLE: Until such time as they apply to be a fund manager, I am absolutely confident that FSC, who has a long experience in managing not just this fund but other funds, will be marketing in Montgomery County, as well as they have committed to us that they will market in Southern Maryland. Because that's another area --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. COLE: -- where we have not yet been able to attract a loan. We haven't been able to get a referral. They have made it a mission of their fund that they will market those areas. So I think, given our next report, I think you'll see some change, some progress.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

COMPTROLLER FRANCHOT: And just not to interrupt, how many loans have been made?

MR. COLE: In total?

COMPTROLLER FRANCHOT: Yeah.

MR. COLE: A hundred seventeen, 66, and 77. The total of those, do you have the actual number without adding them together?

COMPTROLLER FRANCHOT: Yeah, here they are.

MR. COLE: Yeah it's --

COMPTROLLER FRANCHOT: I have them right here, and Montgomery has gotten nine --

MR. COLE: Yes.

COMPTROLLER FRANCHOT: -- out of 260.

MR. COLE: Two hundred and sixty, yes.

COMPTROLLER FRANCHOT: And we have a million people in Montgomery County. That's a lot of people --

MR. COLE: Oh, I --

COMPTROLLER FRANCHOT: -- that we have. And the streets are no longer paved in gold over there.

MR. COLE: Mm-hmm.

COMPTROLLER FRANCHOT: So that's nine. And Baltimore County got 54, Baltimore City got 48, Anne Arundel got 38, Howard got 28. Why? Because they have fund managers.

MR. COLE: Mm-hmm.

COMPTROLLER FRANCHOT: Okay? So anyway, I think that kind --

MR. COLE: I believe --

COMPTROLLER FRANCHOT: -- makes my case that you can't just say to these folks, hey, go and find me one loan somewhere in Montgomery. You've got to get a fund over there that knows the area and knows the people and can not only move the money out but also responsibly promote minority and women-owned businesses. In Montgomery County, that's the key.

MR. COLE: We will again encourage Montgomery County Economic Development to become a fund manager.

LIEUTENANT GOVERNOR RUTHERFORD: Question, and this came up previously in some of the other programs. If this is a fund, these are funds that are for small, minority, and women-owned businesses, are they setting standards that are equivalent to commercial banks?

MR. COLE: No, sir. That is one of the reasons that this program is set up the way it is. It is our belief that credit varies by marketplace around the State. I would say that a loan in Somerset County is different than a loan in Montgomery County, is different than Cecil County. So by giving it to the fund managers and saying, you know best your marketplace, you create credit standards around that marketplace, we've given them the flexibility to do what they know best and deliver it rather than creating a one size credit analysis has to fit everybody.

LIEUTENANT GOVERNOR RUTHERFORD: Well but, yeah, and that's what banks do also. But I'm just saying if you're going to Bank A, you are sitting in Montgomery County, you are sitting in Rockville, you go to a large bank and they say, no, you don't have the credit --

MR. COLE: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: -- are you the credit of last resort?

MR. COLE: I would say we are the credit of last support.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. COLE: I don't want to go to the last resort level yet. We still want to do credit quality deals but will we make loans where there is not collateral, sufficient collateral coverage --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. COLE: -- which would be a significant issue for a bank, yes. Are we making loans where, okay, there may have been a credit blemish so their beacon score is low but there are mitigating circumstances? Yes, that's what those fund managers are there to, this is intended to be the program for the underserved.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well we, we have received complaints and you investigated some of that with regard to

some of the managers not on this program, but the same manager manages another program --

MR. COLE: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: -- and there were some complaints about --

MR. COLE: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: -- their process. So thank you. I don't know if you have any --

COMPTROLLER FRANCHOT: No, I'd move approval. I don't have any other --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

MR. COLE: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Do we have a second on the Secretary's --

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All in favor? Thank you.

MR. COLE: Thank you.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Next is --

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SECRETARY MCDONALD: Secretary Belton with the Natural Resources Real Property Agenda.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.
Good morning.

MR. BELTON: Good morning, Lieutenant Governor, Mr. Comptroller, Madam Treasurer. For the record, I'm Mark Belton, Secretary of the Maryland Department of Natural Resources, and we have eight items on our Real Property Agenda for your approval this morning.

LIEUTENANT GOVERNOR RUTHERFORD: I don't have any questions. Questions?

COMPTROLLER FRANCHOT: Nope. Move approval if everyone is okay.

LIEUTENANT GOVERNOR RUTHERFORD: Do we have a second?

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I think we're all in favor. Thank you.

MR. BELTON: Terrific.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Budget and Management?

MR. BRINKLEY: Good morning, Lieutenant Governor, Mr. Comptroller, Madam Treasurer. For the record, David Brinkley, Secretary of the Department of Budget and Management. We have submitted 11 items for today's Agenda. I have representatives to address any concerns or questions you might have. I'll point out that Items 5 and 7 have been revised, and Items 9, 10, and 11 are supplemental.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question on 1-S.

MR. BRINKLEY: Donna DiCerbo, Director of Procurement for MDTA. Is she here? Let's see if we can bring her in.

LIEUTENANT GOVERNOR RUTHERFORD: I could sing a song during this break.

COMPTROLLER FRANCHOT: Yeah. That's fine.

LIEUTENANT GOVERNOR RUTHERFORD: They wouldn't, I don't think anyone would want to hear that but --

TREASURER KOPP: It might bring her in more quickly.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. You haven't heard me sing.

MS. DICERBO: Good morning, everyone.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.
Good to see you.

MS. DICERBO: How are you?

LIEUTENANT GOVERNOR RUTHERFORD: Very well.

MS. DICERBO: Donna DiCerbo, Director of Procurement for the Maryland Transportation Authority. I'm here to present Item 1, which is a lease of Bloomberg terminals. It's our investment services, SV 3013. It's a sole source contract with a two-year base term and two-year renewal options. This is to access their, Bloomberg's, proprietary software, pretty much a subscription service for us to get access to their data.

LIEUTENANT GOVERNOR RUTHERFORD: I guess my question was, and just did not realize that MDTA actually traded in the marketplace. I didn't realize that.

MS. DICERBO: We have our Director of Finance Jaclyn Hartman here to address those specific questions.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. DICERBO: Jaclyn?

MS. HARTMAN: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MS. HARTMAN: Jaclyn Hartman, Chief Financial Office for MDTA. So MDTA has an investment portfolio of roughly \$1 billion that includes both MDTA funds as well as funds that we hold for our conduit debt issuances, which is especially with the Maryland Aviation Administration. We have an

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investment policy which outlines the type of investments that we can invest in and they are all safe investments, which can affect --

LIEUTENANT GOVERNOR RUTHERFORD: Fairly liquid investments. I did see an overview of the portfolio.

MS. HARTMAN: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: I just was surprised. I didn't know that --

MS. HARTMAN: Right.

LIEUTENANT GOVERNOR RUTHERFORD: I thought it might have been --

COMPTROLLER FRANCHOT: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: -- domain --

TREASURER KOPP: They've always held their own.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: It's news to me. How much did you say you have?

MS. HARTMAN: It's roughly \$1 billion in investments that we have.

COMPTROLLER FRANCHOT: Is the Legislature aware of this?

(Laughter.)

MS. DICERBO: They are now.

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MS. HARTMAN: So all the funds are held separate because of our trust agreement, which is why the Treasurer's Office does not invest on our behalf. We have to hold our funds separately.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Can I just ask a question?

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTROLLER FRANCHOT: Because it's an excellent one you brought up. Because I was not aware that the modal of MTA had this. Do you do it for all of MDOT? Is that, or is it just MTA?

MS. HARTMAN: MDOT's funds are I believe invested through the Secretary's Office.

MR. RAHN: So Mr. Comptroller, this is the MDTA.

COMPTROLLER FRANCHOT: MDTA, sorry.

MR. RAHN: So it's only their authority that has this. Other than that MDOT's funds are invested --

LIEUTENANT GOVERNOR RUTHERFORD: So it's the tolls.

MR. RAHN: -- through the Treasurer's Office.

LIEUTENANT GOVERNOR RUTHERFORD: Toll authority, exactly.

COMPTROLLER FRANCHOT: Okay. Well that's interesting, because it's not a huge amount of money that's before us so I'm not going to

make a federal case out of it. But it is a sole, single bid, I take it? Or sole source? Why are we, I mean, this is, investment services industry is heavily populated and very competitive. Why aren't we, you know, there are all sorts of marketplaces, the marketplace is filled with electronic trading platforms. Why don't we bid this?

MS. HARTMAN: We did, the procurement officer did do their due diligence and this was the most comprehensive offering in the marketplace. There were some pieces of what we needed out there in the marketplace but not the full comprehensive suite.

COMPTROLLER FRANCHOT: Well I'm not, I'm in a great mood so I'm going to avoid holding this, you up here on this stuff. But that doesn't make any sense to me at all because the electronic trading platforms are out there and I just find it hard that we're going to, not that it's a huge amount, what is it, \$342,000. But there are lots of groups that, like Bloomberg, provide financial market data and analytics and trading platforms.

MS. HARTMAN: I can say that there's a wide acceptance of Bloomberg terminals as an industry standard securities trading platform. It means their securities dealers provide bond inventory access to other Bloomberg users. That's not effectively available in one place from other providers. Securities trading and securities modeling on a Bloomberg terminal can be accomplished at speeds and levels of efficiency that result in superior executions and favorable

returns on the infrastructure investment. Additionally some of the niche products are targeted towards smaller investors while Bloomberg is tailored to large institutional investors like the MDTA with that large investment portfolio. I believe that the Treasurer's Office also utilizes Bloomberg as well.

TREASURER KOPP: Absolutely.

COMPTROLLER FRANCHOT: Yeah, no, but I also think this is not a very complex menu that you just described. And you should bid it. That's my only, I'm not complaining about Bloomberg. I'm just saying --

MS. HARTMAN: Yes, sir.

COMPTROLLER FRANCHOT: -- in the future I'm, I guess --

MS. HARTMAN: We'll certainly --

COMPTROLLER FRANCHOT: -- bring back some bid. Because --

TREASURER KOPP: I really think that if you bid out all that I assume you are using the Bloomberg for, you would come back with Bloomberg.

MS. HARTMAN: Most likely.

TREASURER KOPP: I mean, that's what the market is. But no harm in trying.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Anyway, this is not exclusive type operations. So --

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LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: -- I wish, I hope we don't see this, I guess it's two years and four years worth of options.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MS. HARTMAN: Yes, sir.

COMPTROLLER FRANCHOT: If I'm still, if we're still around six years from now, Lieutenant Governor, maybe you can remember that --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: -- we'd like to see a bid.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. This, the current contract expires in July, I guess?

MS. HARTMAN: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Okay. All right. Unless there are other questions?

MS. HARTMAN: Okay. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. And it's good to see you, Ms. DiCerbo. We used to work together at General Services at couple of years ago, when you were a child.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

Questions?

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COMPTROLLER FRANCHOT: Well I actually would like to revisit that and just suggest that maybe we approve it for two years without the options. Because --

LIEUTENANT GOVERNOR RUTHERFORD: That's probably -

-

COMPTROLLER FRANCHOT: -- I mean it's, I don't have any other questions on the Agenda. So I might as well end with that. But if my colleagues were supportive of that --

LIEUTENANT GOVERNOR RUTHERFORD: So we approve --

COMPTROLLER FRANCHOT: -- I would like to reconsider --

LIEUTENANT GOVERNOR RUTHERFORD: -- the base --

SECRETARY MCDONALD: Governor, right, ordinarily this amount of money they would not have to come back on the options because the options are under \$200,000. But what could easily be done is the Board's motion could say that you are requiring them to return to the Board in order to exercise the option even though it's under a smaller amount. And that way they can keep the options in the contract. You're not asking them to change the contract. All you're doing is telling the agency before they exercise the option they need to get the Board's approval.

TREASURER KOPP: That sounds fine.

COMPTROLLER FRANCHOT: Okay. That's fine.

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LIEUTENANT GOVERNOR RUTHERFORD: Okay. That's your motion?

COMPTROLLER FRANCHOT: Please.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Second, yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Second? Okay.

So the first, the base contract is approved. The options, while they are approved, you need to come, the department has to come back through the Budget and Management Agenda comes back before exercising it. Any other questions on Budget and Management Agenda?

COMPTROLLER FRANCHOT: No, move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Move approval on the remainder.

TREASURER KOPP: Second. Second.

LIEUTENANT GOVERNOR RUTHERFORD: We're all in favor. Thank you, Mr. Secretary. I think we go to --

TREASURER KOPP: I actually have a question, Governor, before the Secretary goes. I have a question. I don't know if it's a service or what but the Comptroller mentioned Orlando. One of the things that struck me about Orlando that hasn't been in the news much at all but that the perpetrator was a person who had worked private security firms --

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LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: -- for a decade. And so my question, I know there are some security procurements that come before us frequently. So I don't know who to ask --

LIEUTENANT GOVERNOR RUTHERFORD: They typically go to DGS.

SECRETARY MCDONALD: (Indiscernible).

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. They typically are DGS contracts.

TREASURER KOPP: Okay. So it's not a service.

MR. BRINKLEY: Yeah.

TREASURER KOPP: Okay. All right. Thank you.

MR. BRINKLEY: She'll be on the Agenda soon enough.

(Laughter.)

TREASURER KOPP: Yeah. Thank you. Thank you.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Okay. University System?

MS. ROLANDELLI: Good morning. I'm Valerie Rolandelli from the University System. We have two items on the Agenda.

COMPTROLLER FRANCHOT: I'm happy to move approval if you don't have any questions.

LIEUTENANT GOVERNOR RUTHERFORD: I don't have any questions. I was going to ask -- can you tell me a little bit about Item 1?

MS. ROLANDELLI: Yes. Item 1 is a multiaward. It's for IT professional services for the Maryland Educational Enterprise Consortium. That's a consortium that is sponsored by the University System and it consists of members of the K through 20 community, both public and private educational entities, museums, and libraries. And as these entities need IT professional services they would use these contracts by conducting a secondary level of competition.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. K through 20, so that's, 16 would be four-year institutions, what's the other four?

MS. ROLANDELLI: K through 12 --

LIEUTENANT GOVERNOR RUTHERFORD: Graduate and professional schools?

MS. ROLANDELLI: -- and then it includes all of the universities and colleges in the State of Maryland.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. I don't have any other questions.

TREASURER KOPP: Is this your last Board of Public Works?

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MS. ROLANDELLI: This is my last Board of Public Works.

LIEUTENANT GOVERNOR RUTHERFORD: Oh.

MS. ROLANDELLI: Yes, I'm retiring June 30th.

LIEUTENANT GOVERNOR RUTHERFORD: Oh.

TREASURER KOPP: Congratulations on making it through and doing a great job, Valerie.

LIEUTENANT GOVERNOR RUTHERFORD: Congratulations. Retiring is --

MS. ROLANDELLI: Thank you. I've enjoyed it. I've enjoyed working for the University System for 33-plus years.

LIEUTENANT GOVERNOR RUTHERFORD: Wow.

MS. ROLANDELLI: It's been an honor.

COMPTROLLER FRANCHOT: I just happen to have a Comptroller's Medallion for you.

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: All right.

MS. ROLANDELLI: You do?

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

(Applause.)

MS. ROLANDELLI: Well thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Given this is your last day, we have to ask more questions.

(Laughter.)

MS. ROLANDELLI: No, this is my gift.

LIEUTENANT GOVERNOR RUTHERFORD: So these are on demand contracts that the institutions can --

MS. ROLANDELLI: That's correct.

LIEUTENANT GOVERNOR RUTHERFORD: -- can use? Okay. All right. Well, thank you. Any other questions? On the acquisition of real property? We don't want to dig into the appraisals or anything?

COMPTROLLER FRANCHOT: No.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Do we have a motion to --

COMPTROLLER FRANCHOT: Move to approve.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I think she's a second --

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: -- and all in favor. Thank you very much, and thank you for your service.

MS. ROLANDELLI: Thank you very much all of you.

LIEUTENANT GOVERNOR RUTHERFORD: Department of Information Technology.

MR. BULLOCK: Good morning. Lieutenant Governor, Madam Treasurer, Mr. Comptroller, for the record I'm Albert Bullock, Chief of Staff for the Department of Information Technology. Today we have nine items on the Agenda, one is a supplemental. And I have agency representatives here to answer any questions you have.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Item 1 is a retroactive agreement contract. I think this is something that I know that we have heard that DHCD had some turnover in their procurement area in the past and this is still cleaning up some of that?

MR. BULLOCK: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Good to see the Secretary here. Good to see you. I don't think we have any particular questions so you don't need to make your way up. I just recognizing you there. Any questions?

COMPTROLLER FRANCHOT: No. I'm happy to move approval. I didn't want to rush anybody.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: How's the roll out of, I don't know which one of you to ask, the SPS (indiscernible)?

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LIEUTENANT GOVERNOR RUTHERFORD: Is this the time and attendance?

TREASURER KOPP: Yeah.

MR. BULLOCK: The sponsorship is through DBM for the requirements and implementation. Since the Department of IT is the direct IT shop for the department, we are overseeing the project also.

TREASURER KOPP: Right.

MR. BRINKLEY: But Madam Treasurer, I believe it's rolling out very, very well. You know, we now have some consistency across all divisions and all departments. Another key benefit I think that employees will be seeing is that as they log a shift differential or overtime, they will be paid concurrently with that. In the past there was a significant delay by the time it was cross-checked and entered into the system. So yes, we have some glitches. We would expect some glitches. But I think it's working out quite well. We did identify an issue when it came to some back pay, but we got ahead of it. We notified the public and certainly the employees and we are having our conversations with the unions as we are statutorily required to do. But, you know, our goal is to make sure that people as best as possible are taken care of. And we set up a hotline, telephone and by email. And I think that we've gotten a few inquiries on it. But at the same time I think employees have been great to work with along those lines. It applies to about 20 percent, 20 to 25 percent of the employees, principally the 24/7 type

of employees are those that potentially could be affected. The nine to five type of worker is generally not affected at all by this.

TREASURER KOPP: I'm impressed by the way you went through and candidly, I mean, you don't want to find anything. But you went through, you set it up, and found it. And are dealing with it.

MR. BRINKLEY: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: And Mr. Secretary, and a number of challenges had to do with the coding of the time, is that correct?

MR. BRINKLEY: Yep. We had discovered, there are 64 agencies underneath the executive branch but we found even within different, within a department different locations might have done things differently. We discovered up to 200 different methods of manually computing this. And it is all now streamlined. It is all consistent. And we are, so far we've been pleased with it. We've had some issues that we're working through, but we also intend to make sure that everything works out to the betterment of not just the employee but also the State and the taxpayers.

LIEUTENANT GOVERNOR RUTHERFORD: Very good.

COMPTROLLER FRANCHOT: That's excellent. I just want to state for the record, my agency has nothing to do with this.

(Laughter.)

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LIEUTENANT GOVERNOR RUTHERFORD: Thank you, sir.

COMPTROLLER FRANCHOT: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: All right. I have a question. It's a minor nit. Item 9-IT-MOD, and perhaps if I had looked in greater detail I may have understood this. But the original contract expired in March of 2012. There was a, there were four one-year renewals, which would make it March of 2016. This modification is to take effect July 1st of 2016. It sounds as if there were a couple of months where we were operating without a contract.

MR. MOYER: Lieutenant Governor, Comptroller, Madam Treasurer, Steve Moyer, Secretary of Public Safety. Kevin Combs is my CIO and he will provide that detail.

MR. COMBS: Good morning, Lieutenant Governor --

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. COMBS: -- Madam Treasurer and Mr. Comptroller. Kevin Combs, Chief Information Officer for the Department. In answer to your question, the original contract did indeed end at the end of March. Our procurement department worked on putting in a three-month bridge contract that allowed us the time to go out and get a new extension in place.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

Thank you for that clarification. I just didn't see it in the material that I reviewed that there was at least a mechanism in place. Okay. Well thank you.

MR. COMBS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Good to see you, Trooper. Okay. Oh, I'm sorry. Yeah. Comptroller, yeah.

COMPTROLLER FRANCHOT: Yeah, Item 2, I notice my old chestnut ESRI is now joining five other or four other, four other groups that are going to provide a master contract for geographic information system. I'm perfectly willing publicly to announce that I have been fully defeated. This group apparently is indispensable to the State of Maryland. So ESRI in Redlands, California. Congratulations. Somehow you have managed to become something that we cannot get rid of. So maybe you could just keep us informed about the process as to how this master contract proceeds?

MR. BULLOCK: Yes, sir.

COMPTROLLER FRANCHOT: I will not, I'm laying down my sword as far as ESRI, welcoming them now into Maryland despite all of the past problems. But maybe you could keep us informed because this master list confirms what I said before, which is that we did not need to depend on this group for single bid contracts. And by the way, where is the Secretary? Is he not available this morning?

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MR. BULLOCK: He was not available this morning, sir.

COMPTROLLER FRANCHOT: He should be, in my humble opinion. But that's just me. Thank you for being here yourself.

MR. BULLOCK: Yes, sir.

COMPTROLLER FRANCHOT: But --

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Very gracious of you, as well.

COMPTROLLER FRANCHOT: Yeah. Well, ESRI has a little bit of history with the Board so, but I'm officially laying down the sword.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. I'm not sure who would accept it.

COMPTROLLER FRANCHOT: Yes.

TREASURER KOPP: Good to hear.

COMPTROLLER FRANCHOT: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Did you have any questions?

TREASURER KOPP: No.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: I'm sure the folks at the Comptroller's Office who use ESRI will be grateful.

COMPTROLLER FRANCHOT: Oh, yeah. No. It's indelible into the State fabric. It is now --

LIEUTENANT GOVERNOR RUTHERFORD: Kind of like Microsoft, I guess, so.

COMPTROLLER FRANCHOT: Yeah.

TREASURER KOPP: I liked IBM and look what happened to them.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Do we have a motion to approve the --

COMPTROLLER FRANCHOT: Move to approve.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All right. All in favor. Thank you.

MR. BULLOCK: Thank you, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Department of Transportation.

MR. RAHN: Good morning members of the Board. For the record, I'm Pete Rahn, Secretary of the Maryland Department of Transportation. MDOT is presenting 24 items today and we are pulling 25-GM.

TREASURER KOPP: Could I ask a question, Mr. Secretary, that I think is not actually an item but goes back to a previous conversation we had about helping out during the Metro WMATA --

LIEUTENANT GOVERNOR RUTHERFORD: Stuff.

TREASURER KOPP: -- stuff.

MR. RAHN: Yes.

TREASURER KOPP: Stuff. Is there any way that we could alleviate some of the problem by increasing MARC or I understand you are looking at that--

MR. RAHN: Mm-hmm.

TREASURER KOPP: -- are you looking at that? And is there a way we could help out that way for that short period of time when people can't use their normal modes of transportation?

MR. RAHN: So all of our business units, we're referring to our modes as business units now --

TREASURER KOPP: Mm-hmm.

MR. RAHN: -- as we attempt to create one MDOT. So all of our business units are looking at and will be monitoring the impacts of the Safe Track program --

TREASURER KOPP: Safe Track, yeah.

MR. RAHN: -- as they shut down sections. And as we have looked at MARC what we are doing is we can add cars to our existing trains. But on such short notice both Amtrak and CSX have said they could not accommodate additional trains on their tracks. And I think most people don't realize that we are a guest on those tracks --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: Yeah.

MR. RAHN: -- and they need to give us permission. So we are, we are expanding the train sets but it's not going to offset in any huge way the amount of traffic that's going to be displaced from WMATA. We are, we are increasing our commuter buses --

TREASURER KOPP: Mm-hmm.

MR. RAHN: -- SHA through the Chart facility will be monitoring traffic, looking at needs to deal with additional traffic, whether we open the HOV lanes to all cars. There's, so we are, we have a process in place. We have been communicating regularly with members of both Montgomery County and Prince George's County's affected staff. So we've, we've been doing everything we can with the resources and available capacities we have to try to help Marylanders get through this, this event.

LIEUTENANT GOVERNOR RUTHERFORD: Are you seeing increased ridership on the trains and the buses?

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MR. RAHN: Nothing that's been brought to my attention, that I've been told, you know, we're having, so far, and I don't even believe the Safe Track, I was under the impression we haven't seen the Safe Track impact yet.

LIEUTENANT GOVERNOR RUTHERFORD: Starting in this week --

TREASURER KOPP: With Prince George's.

LIEUTENANT GOVERNOR RUTHERFORD: -- this weekend, I think.

MR. RAHN: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: It started, yeah.

MR. RAHN: Yes. And so we've not seen anything that I'm aware of prior to. So we'll see what occurs when they actually start closing the tracks that are affecting Maryland.

TREASURER KOPP: Well I know they are trying alternatives like telecommuting. But there are some people who cannot telecommute.

MR. RAHN: Yep.

LIEUTENANT GOVERNOR RUTHERFORD: Right, if you're, right.

TREASURER KOPP: And those jobs won't permit that.

MR. RAHN: There's not, it's going to be messy.

TREASURER KOPP: And we don't all ride bikes to work.

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MR. RAHN: It's going to be messy and it will continue to be messy until they can complete their work. But frankly WMATA doesn't have an option. They have to --

TREASURER KOPP: I'm not arguing with what they're doing.

MR. RAHN: Right. But I just wanted you to know in response to your question is that we are, we are looking at a number of ways that we are attempting to help Marylanders. But ultimately we're going to see, I suspect, substantially more traffic within the regions as they are impacted by the closures.

TREASURER KOPP: And to the extent it's in either Montgomery or Prince George's and not the District, we, are they working on synchronized light, like I mean just look at all of the traffic flow --

MR. RAHN: We are having regular conference calls with all of the parties to come with, meaning both county, both counties, their staffs, and our modes to both prepare for, to monitor, and react.

TREASURER KOPP: Well I hope you'll keep us informed from your perspective --

MR. RAHN: Mm-hmm.

TREASURER KOPP: -- I mean, from the State's perspective on how things, I mean, I hear of course, because I used to represent a district full of people who commute Downtown using Metro.

MR. RAHN: It's, it's going to be messy.

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LIEUTENANT GOVERNOR RUTHERFORD: One of the things, and you're probably already doing it or at least have thought it through, and that is using your social media platforms to let, to remind people of the park and ride facilities that are in Prince George's and Montgomery County that the buses come through. And so in many cases a person who is, let's say taking the Red Line out of Silver Spring, they could possibly just get on one of the buses if there is room right there in Silver Spring, which will take them down 16th Street. So there are options that can, you know, maybe if the Red Line, when the Red Line goes out, which I think they are scheduled for early winter, late fall, that that's one of the locations. And I'm quite sure there's buses that go into New Carrollton and some other places that people can, you know, if they can drive to New Carrollton or get to Silver Spring or get to the Burtonsville facility they can get on the bus there. And there are probably others near Shady Grove but that's --

MR. RAHN: In fact WMATA itself is advertising alternative uses of buses rather than the Metro and so --

LIEUTENANT GOVERNOR RUTHERFORD: Right. Well I know they have Metro Bus they are talking about. And for those of us who are old enough and who were reared in D.C. when there was only the bus --

TREASURER KOPP: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- it started as D.C. Transit --

SECRETARY MCDONALD: D.C. Transit. D.C. Transit, you put your token in, your school token.

LIEUTENANT GOVERNOR RUTHERFORD: -- and you put the token in. And then it was, then it was, became Metro later. But yes, you put your little token in, and there were little pieces of paper --

SECRETARY MCDONALD: Oh, the little ticket first before you got the token.

LIEUTENANT GOVERNOR RUTHERFORD: -- the little paper tickets, right.

SECRETARY MCDONALD: -- the student ticket, yes.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, for students. So.

SECRETARY MCDONALD: Governor, this morning --

LIEUTENANT GOVERNOR RUTHERFORD: But the region has grown substantially.

SECRETARY MCDONALD: -- I was watching local news and it was very positive from the New Carrollton Metro Station. They were showing all these very happy customers who had taken buses from New Carrollton to either the Greenbelt, to get on the Green Line, or to Potomac Avenue, a subway station none of them had ever gone into before. And they were all very excited about the Potomac Avenue, and also Greenbelt. And so the circulator buses were working

very well this morning from New Carrollton for Prince George's County residents.

TREASURER KOPP: That's great.

LIEUTENANT GOVERNOR RUTHERFORD: They probably were excited to ride a bus.

SECRETARY MCDONALD: Yeah, they were.

LIEUTENANT GOVERNOR RUTHERFORD: A lot of these folks have never ridden the bus before, so.

TREASURER KOPP: Well they did away with, personally, the Kopp family moved where it did because there was an express bus Downtown.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: And then they did away with the express bus Downtown when Metro --

LIEUTENANT GOVERNOR RUTHERFORD: When Metro came in. Right.

TREASURER KOPP: So.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Any other questions --

TREASURER KOPP: Thank you. Thank you very much.

LIEUTENANT GOVERNOR RUTHERFORD: -- of the Secretary of Transportation? Okay.

MR. RAHN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Do we have a motion to move?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. And we're, thank you, Mr. Secretary. Department of General Services?

MS. BASSETTE: Good morning, Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: The Department of General Services.

MS. BASSETTE: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Gail Bassette, Secretary of General Services. The department has 26 items on our Agenda. On Item 26 the Department of General Services has been advised a protest was sent yesterday on June 21st, yet DGS has not received it. I would like to advise the Board that we are seeking an award in the face of any protest due to the substantial State interest. The contractor is here today, Mr. Toby Henry, and he has asked to speak.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We'll give him a few minutes to speak.

TREASURER KOPP: Could I hear from the Secretary, though --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay. Sure.

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MS. BASSETTE: Yes.

TREASURER KOPP: -- about what the substantial State interest
in --

MS. BASSETTE: Lori McGuire, Deputy --

TREASURER KOPP: I mean, from the department. Sorry.

MS. BASSETTE: Yes. Thank you.

MS. MCGUIRE: Good morning, Lieutenant Governor, Madam
Treasurer --

TREASURER KOPP: Good morning.

MS. MCGUIRE: -- and Mr. Comptroller. My name is Lori
McGuire. I'm an Assistant Attorney General and Deputy Counsel. The
substantial State interests here are approximately \$1.8 million in funds that I
understand that the agency will lose if they don't encumber this money.

TREASURER KOPP: That's it?

MS. MCGUIRE: Yes.

MS. BASSETTE: That's what we have. That is the substantial
interest, yes.

TREASURER KOPP: There's not an emergency in getting the job
done?

MS. BASSETTE: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: What is the, what is the current status of the systems that are to be replaced?

MS. BASSETTE: Interoperable --

MS. BUCKLER: The systems are --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, introduce yourself, please.

MS. BASSETTE: Go ahead.

MS. BUCKLER: Sorry. I'm Lauren Buckler. I'm the Assistant Secretary of Design and Construction for DGS. This is the security systems for the Baltimore and the Annapolis complex. There's been years of neglect on these systems and the systems really need to be upgraded. They are at the end of their useful life at this point. There are some security concerns. We can have a separate meeting about what those specific concerns are. But we'd want to make sure we start implementing a new system for both complexes and this is the vehicle to get that system in place.

LIEUTENANT GOVERNOR RUTHERFORD: And if you do not go forward with this contract you lose the funding. Does that mean you have to wait another fiscal year?

MS. BUCKLER: Potentially. We'd also continue to see degradation of these systems and have security issues, possibly closing certain entrances to facilities if the systems are not adequate for usage at this point.

MS. BASSETTE: These are 2016 funds.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

TREASURER KOPP: No, I appreciate, I mean, I must say, I had a question because these are State funds so you lose '16 and the next day is 2017. And there are ways that you can get work done and have funds either held or come in with an amendment.

SECRETARY MCDONALD: You're right, I --

TREASURER KOPP: But if the concern is actually to get the work done as quickly as possible for security reasons, and everything is in place to go as opposed to take a long halt, I --

MS. BASSETTE: We've been trying to get these funds for at least two years now.

TREASURER KOPP: I don't doubt that you need the funds.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

Thank you. Can we hear from --

SECRETARY MCDONALD: Is Mr. Henry?

MR. HENRY: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. HENRY: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. HENRY: Lieutenant Governor, Madam Secretary, and excuse me, Madam Treasurer, and Mr. Comptroller, thank you very much for your time and it's certainly an honor to be here. I will be brief. I have a short statement.

Kratos Public Safety and Security Solutions is one of only two approved bids submitted for this solicitation, or as you know it as Item 26. Further we are the incumbent, having installed the original system in Annapolis and Baltimore in 2005 as we also installed the current system at the Governor's Mansion and most recently we installed the system at the Community Place Crownsville location. Further, we've installed similar systems for the MVA, SHA, MTA, MDTA, DLLR, DHR, Treasury, AOC, Archives, as well as other State agencies. Personally I've been in the industry for 34 years and I can tell you categorically we know what we're doing.

Our bid is \$765,850 lower than the one other currently approved bidder. Yesterday at 5:28 p.m. we submitted our formal protest to the Department of General Services, as well as an overnight package which arrived at 8:30 this morning. That is well within the seven-day window for submitting a protest.

Kratos respectfully requests the Board withhold approval of the award until our protest has been resolved by the Contracts Appeals Board. This was a two-step process. Step one, you had to provide your qualifications and be approved. If your qualifications were approved, which ours was, you then moved

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to step two. Step two, the award was based solely upon price, of which we are the low bidder by \$765,000. Should the Appeals Board agree with us we will provide the State an excellent solution, as we have in the past at other agencies, which is well documented, and we will save the State over \$765,000 on this project. Again, this is a simple protest. I think it's just some misinformation on the part of DGS, quite frankly. It's well defined in our six-page protest, which I will be happy to provide any of the members a copy of. And I think this can be resolved in a matter of a couple of days very easily if DGS will give us the time to come in and go over the protest with them. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Madam Secretary, can you discuss what any of the challenges were with regard to the bid being substantially lower?

MS. BASSETTE: Yes. Yes, sir. I will begin, but I have our procurement officer here, Kareen Davis, to elaborate. But one of the reasons Kratos' bid, one, they were unreasonably low bid. And the cost break down revealed that they were missing or did not submit some of the line items that were there. And one of them was including monitors. So they did not complete or address all of the line items, or the bid line items that were asking them to bid. So that was one of the reasons why they were low.

MS. DAVIS: Good morning, I'm Kareen Davis. Madam Treasurer, Lieutenant Governor, Comptroller, it's an honor to be before you. I

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would like to add on to what the Secretary has said, when we received the bid from Kratos we noticed how low the bid was. We reviewed all the bid documents. We asked of Kratos to provide a cost break down detailing how they would be able to provide all of the service, all of the items in the scope of work based on the costs that they bid. When they provided that break down, the break down had major components of the scope of work missing, to include the monitors, a console, as well as the amount of cable that was quoted in the cost break down. It did not support pulling all of the existing cable out and putting, entering in new cable in. So with that being said, the bid was rejected based on it not being responsible. It did seem as if it would be a cost savings to the administration. But in the long run with the change orders to compensate for the missing items we do believe that the cost would end up being more than anticipated.

COMPTROLLER FRANCHOT: What bad things would happen if we deferred this for two weeks and let, I have great respect for the Secretary, you sound perfectly fine also. But I mean really, there ought to be some way to at least meet with this group and hear from them. Because it's a significant amount of money that they are offering as a savings. And so I would just suggest we wait two weeks and see if you can't get an understanding. If the company is unable to perform the work and you think they are going to add other expenses on other than this, you know, at least give them a chance to respond to that.

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MS. MCGUIRE: Mr. Comptroller, if I could just address that for a minute?

COMPTROLLER FRANCHOT: Yeah.

MS. MCGUIRE: I would agree with you if the, if it were over in two weeks. We could meet with them but once the agency answers their protest they have an opportunity to go to the Board of Contract Appeals. That is not going to be a fast process. And by the time that process is over, these funds will be gone.

COMPTROLLER FRANCHOT: Well why don't we just give it a try? The old college try, two weeks, to approve this thing in two weeks --

LIEUTENANT GOVERNOR RUTHERFORD: Two, and but --

COMPTROLLER FRANCHOT: -- and if it looks like that is going to be the situation. But I'm not --

LIEUTENANT GOVERNOR RUTHERFORD: From a funding, but from a funding standpoint, how would you fund in two weeks?

MS. BASSETTE: It wouldn't begin until July 1, so --

LIEUTENANT GOVERNOR RUTHERFORD: But the, today is the 22nd, the next Board meeting is --

SECRETARY MCDONALD: Is July 6th.

MS. BASSETTE: Is July 6th.

SECRETARY MCDONALD: But I believe the Board, I mean, you have the Deputy Secretary of Budget here so he could advise otherwise. I believe the Board can make a motion to encumber this money for this project right now without the contract or its name, knowing that this is the procurement that they were encumbering it to. So that the Board could save this money and hold it. And we have witnesses here, so if they want to speak to that, but yes.

LIEUTENANT GOVERNOR RUTHERFORD: We have, we have that authority to do that?

MS. BASSETTE: Okay. Okay.

LIEUTENANT GOVERNOR RUTHERFORD: A motion to --

COMPTROLLER FRANCHOT: I would move to defer for two weeks --

SECRETARY MCDONALD: And encumber the money for this project.

LIEUTENANT GOVERNOR RUTHERFORD: And encumber.

COMPTROLLER FRANCHOT: And encumber. Okay.

MS. BASSETTE: Okay.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Second on that?

TREASURER KOPP: Yes, definitely.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. We're all in favor on that. Okay. Any other questions on the Department of General Services?

TREASURER KOPP: I have the question I asked --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, security. That's right.

TREASURER KOPP: -- the wrong secretary, about this shooter --

MS. BASSETTE: Yes.

TREASURER KOPP: -- based on this shooter. Which is what, we employ a lot of security firms.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: What do we do to make sure that they keep on top of their people in terms of screening and training?

MS. BASSETTE: Well we have, I don't think we have any police officers represented here today. But one thing --

TREASURER KOPP: You can get back.

MS. BASSETTE: Okay, well, I would like to get back to you.

TREASURER KOPP: And you were not expecting his question. Absolutely.

MS. BASSETTE: But, mm-hmm, but as far as ongoing, we --

TREASURER KOPP: Yeah. Because that's what really shocked me. I mean, we heard a lot about the man's ideology, his state of mind --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- and everything, but for ten years --

LIEUTENANT GOVERNOR RUTHERFORD: But they did kind of -- yeah.

MS. BASSETTE: Yeah.

TREASURER KOPP: -- he was an armed, trained --

LIEUTENANT GOVERNOR RUTHERFORD: And he had applied for the police, to be a police officer.

TREASURER KOPP: Yeah.

MS. BASSETTE: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: But was later rejected as he started to go crazy.

MS. BASSETTE: We have a very rigorous recruitment and interview process for --

TREASURER KOPP: Well that's what I assumed --

MS. BASSETTE: -- sometimes it takes us a little longer time to hire our police officers because --

LIEUTENANT GOVERNOR RUTHERFORD: Well but what she's talking about is private security.

MS. BASSETTE: Right.

TREASURER KOPP: Yeah, not --

LIEUTENANT GOVERNOR RUTHERFORD: And we have a lot of private security, we have a lot of private security contracts, and particularly where it's armed private security.

MS. BASSETTE: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: I'm not sure how many we have armed. But that is something that the --

MS. BASSETTE: -- the contractors.

LIEUTENANT GOVERNOR RUTHERFORD: -- yeah, and it's contractors. And so it's, the question I think gets to what kind of requirements do we put on those vendors that they screen --

MS. BASSETTE: That's good. Mm-hmm. Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: -- or provide us information about, you know. And screening them once --

MS. BASSETTE: That's --

LIEUTENANT GOVERNOR RUTHERFORD: -- and the person has been working there for four or five years doesn't do it.

MS. BASSETTE: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: They probably need to be screened more often, particularly if they are armed.

MS. BASSETTE: That's true. That's a good point.

LIEUTENANT GOVERNOR RUTHERFORD: So if you could
get back to us --

MS. BASSETTE: -- yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. BASSETTE: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: All right. I think
we, did we just approve the DGS Agenda? Or --

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all
in favor. Thank you. Thank you everyone.

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