
STATE OF MARYLAND
BOARD OF PUBLIC WORKS

*GOVERNOR'S RECEPTION ROOM, SECOND FLOOR, STATE HOUSE
ANNAPOLIS, MARYLAND*

March 23, 2016
10:08 a.m.

PRESENT

HONORABLE BOYD K. RUTHERFORD

Lieutenant Governor

HONORABLE NANCY KOPP

Treasurer

HONORABLE PETER FRANCHOT

Comptroller

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CONTENTS

Subject	Agenda	Witness	Page
Construction Management at Risk for Fort Worthington K-8 School	SEC 7, p. 9	Sheila McDonald Michael Frenz Gary McGuigan	5, 19
Rental Housing Works Loan for Waverley View Apartments	SEC 4, p. 7	Sheila McDonald Ellington Churchill Brien O'Toole	8
Metropolitan Transition Center Dietary Services Equipment	SEC A5, p. 27	Sheila McDonald Bill Stewart	12
Approval to Apply to Commissioner of Land Patents to Reserve for Public Use 12 +/- Acres of Abandoned Land Contiguous to Potomac State Forest	DNR 8A, p. 40	Mark Belton Sheila McDonald	31
HIV/AIDS Primary and Subspecialty Care in Eastern and Western Regions of Maryland	DBM 2-S, p. 43	David Brinkley	35
Construction Management at Risk for Resident Tower Renovation at Towson University	USM 1-C, p. 61	Joe Evans Dr. Kim Schatzel Joe Oster	37
DoIT Agenda	DoIT	David Garcia	48
MTA and Amtrak Settlement Agreement and Mutual Release	DOT 19-GM, p. 124	Pete Rahn Erich Kolig	51
Addition to MD State Police Aviation Command Helicopter Hangar at Martin State Airport	DGS 1-C, p. 132	Gail Bassette	57

PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Good morning and thank you for indulging us being a few minutes late. The Comptroller should be here shortly. I just wanted to make two quick statements.

One, on behalf of the State, our condolences and support go out to the people of Belgium from that attack that occurred yesterday. It reminds us of the times and the challenges that we have going forward. But, you know, our heart and full support go to the people and those who are trying to keep us all safe.

Secondly, I want to mention the Governor is not here because a very good friend of his mother had passed and he's attending that funeral today.

With that, Madam Treasurer?

TREASURER KOPP: No, I just join you in your words, Governor, about the perilous times we live in and our sympathies with the families in Belgium and around, and the appreciation that I have, and we all have on behalf of our families, for those here who very quietly and with amazing success thus far have kept us out of greater harm.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: It is one world.

LIEUTENANT GOVERNOR RUTHERFORD: It really is. And it's a small world. So with that said, Madam Secretary?

SECRETARY MCDONALD: Good morning, Mr. Governor, Madam Treasurer. We have ten items on the Secretary's Agenda this morning. There are seven reports of emergency procurements. We are prepared for questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: I just want, I have a question on Item 1 -- no, not Item 1. Number seven, the Stadium Authority?

SECRETARY MCDONALD: Yes. I did see Mr. Frenz is, yes, he's here.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, there he is. Yes.

SECRETARY MCDONALD: And this is one of the projects for the Baltimore City Public Schools. Specifically it's the Fort Worthington K-8 School. Mr. Frenz and Mr. McGuigan are here from the Stadium Authority.

MR. FRENZ: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning. Tell me a little bit about the -- I know this is part of the \$1 billion project for Baltimore City school construction. Can you give me a little bit more on Fort Worthington?

MR. FRENZ: Sure. The importance of this I would say is, Bid Package No. 2, is that in December of 2015 this Board approved Bid Package No. 1, which was for demolition and site work. This group of packages will allow actual construction to begin and something to actually be built. And this is the first school in the program. This is a complete replacement school.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. How do you determine your MBE goals? I see it's a 32 percent and then you have subgoals.

MR. FRENZ: Well our goal originally is the State goal, and then it's -- Gary is here to illuminate the answer. My understanding is that it's based on the group of packages available and estimates on a goal that can reasonably be attained. Gary, do you have anything?

MR. MCGUIGAN: Sure. Good morning, Gary McGuigan, with the Stadium Authority.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. MCGUIGAN: We have a procurement review group that reviews all our contracts. And when we met with the first school we felt we could achieve 32 percent. Given the fact that when we move through the program we think that the MBEs will be a little more strapped and it may be more difficult, the ultimate goal is to get to 29 percent for the program.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. And the subgoals are not a ceiling, are they?

MR. MCGUIGAN: No, they are not a ceiling.

LIEUTENANT GOVERNOR RUTHERFORD: I guess that was a leading question.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you very much. Madam Treasurer, do you have any questions?

TREASURER KOPP: Yes, I'm just curious, Gary, the funding. We're all set to roll with all the funding now, are we?

MR. MCGUIGAN: We received the 2014 City CAFR on Friday and we expect to issue bonds the third week in April.

TREASURER KOPP: That's very exciting. Good. Great. Thank you.

MR. MCGUIGAN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Great. Thank you very much.

MR. FRENZ: Thank you.

TREASURER KOPP: I --

LIEUTENANT GOVERNOR RUTHERFORD: You know what? Now, while you're up here -- I'm sorry.

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(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I found this note. It's completely different. On the, you are managing the Governor's C.O.R.E. project, the demolition projects. The first block, I think it was Stricker Street, has that been completely cleared at this point? Do you know offhand?

MR. MCGUIGAN: That is being done by the City. I think one side of the block has been performed. Right now we're meeting with DHCD in the City. We're doing due diligence and procurements for the money that's involved in the C.O.R.E. program.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. MCGUIGAN: Also we're conducting analysis on protocols for lead dust and workforce development. So we anticipate the first demolition under the C.O.R.E. program to happen this summer.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you very much.

MR. MCGUIGAN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Comptroller, we're just getting started.

TREASURER KOPP: We just started. Could I just ask a quick question about number four?

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

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TREASURER KOPP: Thank you, Gary.

MR. MCGUIGAN: Thank you.

SECRETARY MCDONALD: That is the Department of Housing and Community Development.

TREASURER KOPP: Yes.

SECRETARY MCDONALD: I don't know if Ms. Cornick or Mr. Maneval is here? Housing and Community Development?

TREASURER KOPP: This is --

SECRETARY MCDONALD: And this is the \$2 million in general obligation bond proceeds that's being lent to --

TREASURER KOPP: Right.

SECRETARY MCDONALD: -- Waverley View.

TREASURER KOPP: Right. It looks like a fine project. My question is what is the area median income? This is set at 60 percent of area, and I just am curious what the area --

MR. CHURCHILL: I understand. Ellington Churchill, Deputy Secretary for Housing and Community Development. I would request that I bring up Brien O'Toole, Deputy Director for Multifamily Housing.

TREASURER KOPP: Okay.

MR. CHURCHILL: And he can better define the area, 60 percent of area --

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TREASURER KOPP: Great. And since you're doing that, also just what the area is?

MR. CHURCHILL: What the area --

TREASURER KOPP: What the geographic --

MR. CHURCHILL: Oh, okay.

TREASURER KOPP: -- what the area median income is, if somebody could tell me what the area is?

MR. CHURCHILL: Sure. Brien?

TREASURER KOPP: It's not immediate pressing, I mean, I'm just curious.

MR. O'TOOLE: Yes. So the area is set by the Census Bureau and HUD. It's the statistical median. It's the statistical metropolitan area for Frederick.

TREASURER KOPP: Okay. So it's Frederick City? Some of Frederick County?

MR. O'TOOLE: And environs, yes.

LIEUTENANT GOVERNOR RUTHERFORD: Can you identify yourself?

MR. O'TOOLE: I'm sorry. I'm Brien O'Toole, Rental Lending, DHCD.

TREASURER KOPP: And what, do you know what the median income is?

MR. O'TOOLE: Off the top of my head, no. We'll certainly get that to you, though.

TREASURER KOPP: I'm just curious at how much variation there is in that --

MR. O'TOOLE: Across the State?

TREASURER KOPP: Well I'm interested across the State, but in this area you've got Frederick City and then some relatively rural environs. And how that fits --

MR. CHURCHILL: We will get back to you very shortly with that information.

TREASURER KOPP: Yes. That's -- thank you.

MR. CHURCHILL: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

COMPTROLLER FRANCHOT: Is this the Secretary's Agenda?

LIEUTENANT GOVERNOR RUTHERFORD: Yes, it is.

COMPTROLLER FRANCHOT: What item is this?

LIEUTENANT GOVERNOR RUTHERFORD: Four.

COMPTROLLER FRANCHOT: Okay. I had questions on a couple of other items. Thank you.

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LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. And I had just asked about Item 7, which is the Stadium Authority, Baltimore City Schools.

COMPTROLLER FRANCHOT: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: Did you have any questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Yes, I do. On Item A5?

SECRETARY MCDONALD: Okay, that is in the emergency reports and I believe that is Public Safety -- yes, that is Public Safety and Mr. Stewart is here to explain the report at the Maryland, at the Metropolitan Transitions Center, dietary equipment was installed there.

MR. STEWART: Mr. Comptroller, do you have a question? Or --

COMPTROLLER FRANCHOT: Yes --

MR. STEWART: -- I'm sorry.

COMPTROLLER FRANCHOT: -- actually I do, unless you want to say something that --

MR. STEWART: No, I think the emergency is straightforward from where we were.

COMPTROLLER FRANCHOT: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: Can you introduce yourself?

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MR. STEWART: I'm sorry. Bill Stewart, Deputy Secretary of Administration.

COMPTROLLER FRANCHOT: Okay. So as you noted, it's an emergency contract award to a Baltimore-based company, Carey Sales and Service, for the delivery and installation of kitchen equipment at correctional facilities in Baltimore City. This stems from that contract we awarded last year right before Governor Hogan took office, frankly, to a firm called Crystal Enterprises out of Glendale. It was, I think in hindsight, one of the worst contracts this Board has ever approved. And I'll always wonder whether it was simply a question of staggeringly bad judgment on your part and the other folks in your agency, or whether it was something else.

But here's the ten-second summary. The Board accepts the department's recommendation to take this major food service contract away from the incumbent vendor and give it to this untested firm that came in with a ridiculously low bid. About a month into the contract term the new vendor, Crystal, came to you, the department, and served notice that it didn't have enough money to carry out the existing contract and that absent a huge infusion of additional cash in an emergency contract it was going to walk off the job and thus open the question of how thousands of inmates were going to get fed. So with the gun pointed at our head, figuratively of course, you know, you all moved forward because we didn't want to have riots in the Baltimore City corrections system.

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So with that as the background I was interested to find out that since the emergency contract with Crystal Enterprises expired at the end of last August, you, the department, have been delivering the food services in question, in house, and you need the equipment referenced in this item to carry out the responsibilities. So I guess the question is, how have you managed to pull this off?

MR. STEWART: Well it's been a lot of work going forward. As you mentioned, the contract was awarded to Crystal prior to the administration taking office. Within a month we did have to come back because the RFP was flawed which Crystal did, and that's why we came back. We got an emergency contract through August 31st, I believe. In that interim then we sent out an RFP for a new contract. For that, bids were due in July. We got no bids that were susceptible of award at that time. Fortunately we had started to plan for the possibility that we may have to take over sometime in June. Frankly, I wish we had started in April, but we started in June. So we were ready to move forward on August 31st. So we did.

And then in the interim, of course, the Governor closed the men's detention center, which took away one of our kitchens. So we moved everything into the Metropolitan Transition Center kitchen. We've been trying, we eventually hired approximately 90 contractual employees. Fifty percent of those were new hires, 50 percent were from Crystal. We've continued to try to upgrade

the staff as we've moved forward. We've probably lost about 20 through resignations and terminations, but we've added another 20. We're doing cross training with other facilities in the area. We have a work group that originally had a call every week. We're down to every three weeks now because we're getting a handle on the situation. We're very optimistic within the next three or four weeks we can start converting some of those contractual employees to PINs and send them out to PCT for their six-week CO training, because they will become CDOs with PINs. But that's going to take a process because we can't, probably about eight to ten at a time from various levels to go out there. So --

COMPTROLLER FRANCHOT: Yeah, and just let me make it very clear, I've got the Lieutenant Governor sitting here, and the Treasurer, this was under a previous administration that this --

MR. STEWART: Yes, sir, we're --

COMPTROLLER FRANCHOT: -- unbelievable situation occurred. And so I just want to I guess explore the fact that I happen to think it's quite an accomplishment that you were able to move in, I guess step into the breach, so to speak, and handle this situation.

MR. STEWART: We --

COMPTROLLER FRANCHOT: And I guess relative to what the State was paying Crystal under the terms of the emergency contract, and what we were paying the previous incumbent back in 2014, have you managed to look at

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the cost effective management that you are doing right now and compare your costs now to Crystal and then the previous incumbent?

MR. STEWART: No sir, we have not been able to do that. We're trying to keep the food service operating as, you know, to keep feeding the inmates. I've said we've had turnover in this dietary contractuals. That's a process that we will get to but we have not done that yet.

COMPTROLLER FRANCHOT: Okay. Well I'm just curious about it.

MR. STEWART: Yes.

COMPTROLLER FRANCHOT: It may redound very nicely --

MR. STEWART: It's on --

COMPTROLLER FRANCHOT: -- to your benefit and to the taxpayers' benefit if you're able to do it --

MR. STEWART: I hope so. But we're, we're just trying to keep the place operating right now.

COMPTROLLER FRANCHOT: Okay, I understand. And the timeline for putting the contract back out to bid?

MR. STEWART: We're not going to do that. We don't plan to do that right now.

COMPTROLLER FRANCHOT: So the department is going to continue to run the kitchen?

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MR. STEWART: Just like we do all our other facilities, yes, sir.

COMPTROLLER FRANCHOT: So that makes it even more interesting to me --

MR. STEWART: Yes, sir.

COMPTROLLER FRANCHOT: -- as to what the actual costs are. And around the State, how many corrections facilities rely upon third party private vendors for food services, how many are State run?

MR. STEWART: I believe all of them are.

COMPTROLLER FRANCHOT: All of them are --

MR. STEWART: All of ours, run by the State --

COMPTROLLER FRANCHOT: Are in house?

MR. STEWART: -- by the State, yes, sir.

COMPTROLLER FRANCHOT: Okay. Well thank you for that. Sorry that you got paired in with what I consider to be a --

MR. STEWART: Yes, sir.

COMPTROLLER FRANCHOT: -- you know, highly irregular situation that preceded you.

MR. STEWART: Thank you.

COMPTROLLER FRANCHOT: But I would be interested in any kind of analysis, and please share it with the Lieutenant Governor and the Treasurer, as to what the comparison is as far as the taxpayers' cost.

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MR. STEWART: We'll do that. Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

Unless you have any questions?

TREASURER KOPP: Could I just say -- no, I thank you but the Comptroller raises a very interesting question I think that has been raised from time to time about the comparison of providing services, particularly human services, in house rather than contracting out. And I think a study of, you know, trying to bring in all of the factors that one would want to would be a very interesting thing to do. We did this years ago with social services in Western Maryland with one of the counties. And it turned out that it was more effective in some places to contract out and in some places to do it in house, not on an ideological basis really. And this sounds like another very interesting --

MR. STEWART: Yes, ma'am.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well let us know.

MR. STEWART: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

COMPTROLLER FRANCHOT: Great. And I apologize for being tardy. When I went to school I always got one or two excused tardiness --

(Laughter.)

COMPTROLLER FRANCHOT: -- but I missed out on Item 7, did you say?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

COMPTROLLER FRANCHOT: If we could possibly return to that?

SECRETARY MCDONALD: Mr. Frenz is still here --

LIEUTENANT GOVERNOR RUTHERFORD: He's still here.

COMPTROLLER FRANCHOT: Good.

SECRETARY MCDONALD: -- and Mr. McGuigan. They, their item was still pending and they remained.

MR. FRENZ: Good morning, again.

COMPTROLLER FRANCHOT: Okay. So I'm sorry if I'm going over ground that's already been plowed, but my understanding is you're awarding a package two of two to Gilbane Building Company for construction of the Fort Worthington Elementary School. The total cost of the bid package is, am I right, \$31,428,316?

MR. FRENZ: Right, for bid package number two.

COMPTROLLER FRANCHOT: And perhaps this was asked before, but is there, what is the per square foot anticipated school construction --

MR. FRENZ: Is it \$320, Gary?

MR. MCGUIGAN: Yes.

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MR. FRENZ: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: How much was that?

MR. FRENZ: \$320 a square foot.

COMPTROLLER FRANCHOT: And does that include a site acquisition cost?

MR. FRENZ: I don't, I think the City, the Schools already owned the site.

MR. MCGUIGAN: It does not include the acquisition but it includes the site improvements cost.

COMPTROLLER FRANCHOT: So it's \$320?

MR. MCGUIGAN: Twenty?

COMPTROLLER FRANCHOT: Twenty. Okay. How does that compare to what was paid last year for school construction per square foot cost?

MR. MCGUIGAN: The IAC reported in their budget hearing this year that they expect the average cost to be \$336 for new construction for this year.

COMPTROLLER FRANCHOT: Okay. And what was it last year?

MR. MCGUIGAN: I think it was substantially less than that.

COMPTROLLER FRANCHOT: And what is the impediment to you guys, who we have on a pedestal, I mean the Maryland Stadium Authority is bar none the go to agency for building buildings efficiently. And you know, high quality and on budget. So what's the, what is it that we're missing here, that you guys are not helping us with, I guess would be --

MR. MCGUIGAN: I guess the --

COMPTROLLER FRANCHOT: -- rhetorical question. And I don't, this is a serious question. Because otherwise we just sit here and the costs go up and up and nobody ever seems to be able to figure out an alternative.

MR. MCGUIGAN: I would ask that you give us a chance. I think the difference here is that these schools in the beginning of the program started the program three years ago. They've been in design for 18 months. We have really been working in earnest on the truths in cost. I think we're going to see the benefit of those activities later on in the year one schools and definitely in the year two schools. We've changed the way we've been looking at how to build schools. City Schools has been a good partner. And I guess I would ask that you give us an opportunity to show as we progress the efficiencies that we can create.

COMPTROLLER FRANCHOT: Great. And I'm sorry if I seem a little amped up here, but it's not you guys I'm concerned about. But I happened, Lieutenant Governor and Treasurer, to receive what is only, can only be described as a bizarre letter recently, signed by Dr. Theresa Alban, Superintendent of the

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Frederick County Public Schools. Odd doesn't even begin to describe this letter.

It's addressed to the Speaker and the Senate President.

LIEUTENANT GOVERNOR RUTHERFORD: Which is odd in and of itself.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: No, for -- I'll explain my reasons for that.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Not that they're odd.

COMPTROLLER FRANCHOT: So it expresses, this letter, and bear with me. I'm sorry you have to be standing there. But it expresses frustration with the process by which the school systems come before the Board of Public Works each year to request additional funds for school construction projects. Apparently, Lieutenant Governor as you are, obviously you are entitled to weigh in here, it seems that you and Governor Hogan and I spend too much time asking about topics they, the superintendents, find inconvenient, and that they would rather not discuss those issues in a public setting.

TREASURER KOPP: Is that what that letter said?

COMPTROLLER FRANCHOT: Yes, it does actually spare Treasurer Kopp --

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(Laughter.)

COMPTROLLER FRANCHOT: -- who is speaking up. Perhaps this is why it spared her. But who according to the letter is the only member of this Board who knows what she's doing.

(Laughter.)

COMPTROLLER FRANCHOT: The only part of this ridiculous letter that I actually agreed with was when they were saying, frankly Madam Treasurer, nice things about you. To save themselves, the superintendents, from the indignity, apparently, of having to ask for millions of dollars of taxpayer money, and to be subjected to actual questions about the performance of their school systems on issues such as school maintenance, they would like the Board of Public Works to be taken out of the appeals process altogether and in its place, according to the letter, they would like a system where they can simply mail in their appeals to the IAC.

Boy, I'd love to be able to submit my budget request in writing each year to Chairman Kasemeyer and Chairman McIntosh and skip those just really irritating sometimes budget hearings that can get tough in questions. But that's not how it works. And it frankly is not how it should work. I actually went back and took a look at the transcripts from the meeting of the last school construction appeals. I have excerpts of the transcripts here where we supposedly ran amok according to the letter. So it looks to me like the vast majority of the

presentations were brief, subject specific, and amiable. I have copies of the one from Frederick County, for instance, and from a few other counties. The Frederick County Superintendent sent this letter on behalf of her other superintendents. I have copies of the one from Frederick County. Interestingly enough Superintendent Alban, who signed this letter, she wasn't even at the meeting. I mean, I really, I swear, I can't make this up.

TREASURER KOPP: She might be watching this on television.

LIEUTENANT GOVERNOR RUTHERFORD: She watched it on TV.

COMPTROLLER FRANCHOT: She wrote a letter.

LIEUTENANT GOVERNOR RUTHERFORD: She wrote the letter --

COMPTROLLER FRANCHOT: You know, I cannot make this up. There were some moments when pointed questions were asked, like when we got into the issue of mold in the Howard County School System; or unacceptable learning conditions in schools in Baltimore County and Baltimore City; or the relocation of students in Carroll County. And that's a good thing. That's called transparency. That's called accountability. That's called checks and balances. It might be inconvenient for the education bureaucrats but this forum is a darn good thing for the teachers and the students and the taxpayers who deserve to know how their tax dollars are being spent and deserve to have their voices heard.

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Anyway, it is one of the longer work days for this Board. I hope that nobody gives any serious thought to the notion of doing away with the IAC appeals and allowing this whole thing to be done in privacy, privacy. Anybody ever attended a meeting of the IAC?

TREASURER KOPP: They are open meetings.

COMPTROLLER FRANCHOT: Oh, yeah, sure, but here's the thing. Nobody goes.

TREASURER KOPP: Well that's up to --

COMPTROLLER FRANCHOT: And nobody knows where it is. It's in effect a little known --

TREASURER KOPP: Hm.

COMPTROLLER FRANCHOT: -- private agency and I'm sure that the education bureaucrats would love to have a setting where they could just mail in their concerns and, you know, but hey, that's not in the best interests of the taxpayers. And it's not in the best interests of the kids. And it runs counter to everything we talk about as far as greater transparency and accountability. And the questions we asked you and the Stadium Authority are exactly the kinds of questions that need to be asked in public.

Lieutenant Governor, I apologize for going on.

LIEUTENANT GOVERNOR RUTHERFORD: No, no, don't apologize.

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COMPTROLLER FRANCHOT: But I'm happy to provide copies of both letters. Well, we sent a letter back. It's four pages long.

(Laughter.)

COMPTROLLER FRANCHOT: So I won't bore you with it. But it is entertaining, I promise you.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Well I will clarify my comment about it being odd. I thought that a critique of the Board of Public Works process probably should have been mailed to the Board with potential copies to the presiding officers. I thought it was a bit odd, given that this has been a process, the appeal before the Board -- you gentlemen can sit down, I think.

(Laughter.)

MR. MCGUIGAN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: It's been, you know, this process has been going on for many, many years in terms of coming before the Board to make their appeals. And it is a little disconcerting in terms of the letter, and then the tone of the letter I thought was a little odd, if I could say. So I agree with the Comptroller in terms of transparency. But he knows that I'm a fan of the Board of Public Works, as are everyone that happen to be here.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: And the Board.

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(Laughter.)

TREASURER KOPP: Aren't you?

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Right.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I noticed DoIT clapped, so all right.

TREASURER KOPP: Governor, could I just say that I do think at times, I believe what this letter is concerned about, is on our calendar, on the published agenda were the issues of school construction. And at times because we have people before us we do get into other issues dealing with the schools and education but not school construction. And people had some concern about that. And sometimes the Comptroller will have to admit he asks questions in a heated voice because he cares a lot about what the answers are and the situation is.

We have discussed from year to year about different ways of doing the public school construction hearing, you will recall when you were Secretary. It used to be much longer --

LIEUTENANT GOVERNOR RUTHERFORD: It was very long.

TREASURER KOPP: -- than it is now. And, but I too agree that the Board of Public Works has a very significant role to play, that each of us has roles to play. I get troubled when it seems to me that some of us are playing roles that others should be playing in that whole process. But I would say that I agree

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with you, that if there are concerns about the process it seems to me that a letter should be addressed to the Board and to the Board members, and maybe even sitting down and talking about it.

COMPTROLLER FRANCHOT: Madam Chair, I also found it odd from an arithmetic standpoint, I personally found the letter to be insulting, to me personally.

TREASURER KOPP: Mm-hmm.

COMPTROLLER FRANCHOT: And I won't speak for the Governor or the Lieutenant Governor, but why would you insult two out of the three votes on the Board of Public Works?

(Laughter.)

TREASURER KOPP: Because your hope is that you will be dealing only with the IAC and --

LIEUTENANT GOVERNOR RUTHERFORD: Right. Well --

COMPTROLLER FRANCHOT: Anyway, thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Very good. Yes, I mean I agree with both of you. And sometimes we do get a little passionate, I guess, about our comments on different items that come up. And I had on one occasion, I'll share this, where I received an email saying that I was rude to someone at the Board of Public Works. And they included their telephone number so I called them, called the woman. And she was surprised that I was on

the other end of the phone. And I told her, you know, you're absolutely right. I was rude and I was, and I apologized to her, and I said, this is why, I knew what was going on, I knew the direction they were going, but I could have allowed that person to speak a little longer. And she didn't drop the phone. But she was a little shocked. And she said it changed her opinion of me. And I said, well, thank you. And we graciously hung up the phone. So sometimes we do get a little testy, I guess. But it's because we believe in what we're doing.

Is there anything else on the Secretary's Agenda? Thank you. Do we have a motion?

TREASURER KOPP: Approve.

LIEUTENANT GOVERNOR RUTHERFORD: Second?

COMPTROLLER FRANCHOT: Move approval -- second.

LIEUTENANT GOVERNOR RUTHERFORD: All in favor?

Thank you.

SECRETARY MCDONALD: Thank you. Secretary Belton?

LIEUTENANT GOVERNOR RUTHERFORD: I think we move on to Department of Natural Resources.

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 --

LIEUTENANT GOVERNOR RUTHERFORD: Do you want to hold just a second while some of the people clear the room? Okay, Mr. Secretary?

MR. BELTON: Good morning, Lieutenant Governor --

TREASURER KOPP: Were we all cc'd on your letter?

COMPTROLLER FRANCHOT: On the what?

LIEUTENANT GOVERNOR RUTHERFORD: On your letter?

TREASURER KOPP: On your letter?

COMPTROLLER FRANCHOT: Oh, yeah. No, everyone was cc'd on my letter. Here are the transcripts that were such a problem from that meeting.

TREASURER KOPP: That's okay. That's okay.

COMPTROLLER FRANCHOT: I'm going to pass it on down to the Treasurer.

TREASURER KOPP: No, no --

COMPTROLLER FRANCHOT: But yeah, no, everyone will get a copy of the letter. Yep, everyone will get a copy of it.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Secretary?

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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 this morning on our Department of Natural Resources Real Property Agenda for your approval.

LIEUTENANT GOVERNOR RUTHERFORD: Any --

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, wait a minute. Hold on. I have --

COMPTROLLER FRANCHOT: Unless you've got --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Item 8A, Program Open Space, Garrett County.

MR. BELTON: Yes, sir?

LIEUTENANT GOVERNOR RUTHERFORD: Second sentence in the property line, a certificate of reservation from the Wood Commissioner of Land Patents --

SECRETARY MCDONALD: Governor, I want to step in right now and take the blame for Secretary Belton. This was an item that we worked on twice and you're right, there is a scrivener's error in there --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, there's a typo.

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SECRETARY MCDONALD: -- and we'll correct it for the record. But I just wanted to address that here. And Secretary Belton, I don't think he was involved with that scrivener's error. Certificate of Reservation from the Commissioner would allow, the wood needs to come out, the wood, W-O-O-D, will come out, from the Commissioner of Land Patents. I should have brought that.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you, Madam Secretary. So you'll go through a remedial class after this. Okay.

SECRETARY MCDONALD: I think it's such an interesting section of the law, that that's what I get carried away with there. That there is these land that nobody owns. The Commissioner of Land Patents is going to probably reserve it for the Department of Natural Resources.

LIEUTENANT GOVERNOR RUTHERFORD: Interesting.

TREASURER KOPP: Is there --

LIEUTENANT GOVERNOR RUTHERFORD: So that meant we could have just claimed it. Someone could have just gone and made a claim? Untaxed land?

SECRETARY MCDONALD: I think this is one of the ones where they have to pay taxes for 20 years. And so because they haven't paid taxes --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

SECRETARY MCDONALD: -- but because they haven't paid taxes then DNR is allowed to come in and reserve it. There's the other kind that DNR also comes to the Board for, or anyone can come in, if they find a completely unowned piece of land, they can come in and claim it through the Archivist Commissioner of Land Patents.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. And you would have had to pay --

SECRETARY MCDONALD: So again, this is a very interesting part of the Board of Public Works jurisdiction right there.

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: And you would have had to pay taxes on that property for a period of time.

TREASURER KOPP: Are there a lot, is there a lot of property that's just unclaimed by anybody?

SECRETARY MCDONALD: No, I don't think so.

MR. BELTON: This is --

SECRETARY MCDONALD: DNR comes about once every five, ten years --

MR. BELTON: Well the last time this happened was 2014.

SECRETARY MCDONALD: Yeah. A couple years ago, the last one.

LIEUTENANT GOVERNOR RUTHERFORD: That's not long ago.

MR. BELTON: But in this particular section of the law the land has to be contiguous to already, to property DNR already owns. And that is the case in this instance.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

SECRETARY MCDONALD: We had the Boy Scouts come --

TREASURER KOPP: Yeah, that's what I was wondering.

SECRETARY MCDONALD: -- yeah, in the last five, ten years.

TREASURER KOPP: They discovered it and claimed it --

SECRETARY MCDONALD: Yes. Yes.

TREASURER KOPP: -- for the Boy Scouts. Yeah. Cool.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Okay.

Do we have a motion?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All in favor? Thank you very much, Mr. Secretary.

MR. BELTON: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Department of Budget and Management?

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MR. BRINKLEY: Good morning, Lieutenant Governor, Comptroller, Madam Treasurer. For the record, David Brinkley, Secretary of Budget and Management. We have six items on the Agenda and I have people here to address any concerns or questions that you might have.

LIEUTENANT GOVERNOR RUTHERFORD: There were a couple of items that just had single bids, or one with a single bid, 2-S. But I understand that this typically, there are not a lot of vendors who can handle this needed program. I did have the opportunity to go to Chase Brexton maybe two weeks ago. And they have a wonderful program. They are located in the old Monumental Building in Downtown Baltimore. And they were there because they recently received an award from the federal government for their substance abuse program. I'll just bring that up. And they have long been involved with providing treatment for HIV and AIDS patients during a time when people were very fearful of what was going on in the AIDS community. And I think many of us remember that time, when no one knew what AIDS was and were very afraid to even come in contact with anyone. And they were one of the few places that were willing to provide services for them. So, and then I don't have any other questions.

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Do you have a second?

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TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: We're all in favor, so thank you. Moving along. University System? Oh, I didn't even have to look up.

MR. EVANS: Good morning. Joe Evans representing the University System of Maryland. We have three items on the Agenda. In attendance today, we have Dr. Kim Schatzel, the President of Towson University.

LIEUTENANT GOVERNOR RUTHERFORD: Oh.

MR. EVANS: We're here to answer any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Do you have --

TREASURER KOPP: Well --

LIEUTENANT GOVERNOR RUTHERFORD: You said the President of Towson? Where is she?

SECRETARY MCDONALD: Yes, Dr. Schatzel is here.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, she can come up.

TREASURER KOPP: It would be an honor to see the President of Towson University.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: Congratulate her.

LIEUTENANT GOVERNOR RUTHERFORD: The Towson University.

DR. SCHATZEL: Good morning. It's indeed my pleasure to be here this morning. I started January 28th, so I've been here for about eight weeks. And I've received a tremendous amount of support. And we want to thank you and the Board for the consideration and support of the project for the campus to maintain the academic excellence as well as the impact that we have on the State and its citizenry. So thank you very much.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. And I apologize for not being at your ceremony on, party on Monday.

TREASURER KOPP: Monday.

LIEUTENANT GOVERNOR RUTHERFORD: I could not make it. But it is good to see you, and welcome.

DR. SCHATZEL: Thank you very much. I look forward to getting to know you all much, much better.

TREASURER KOPP: If I can --

COMPTROLLER FRANCHOT: Can I ask you a question while you're up there?

DR. SCHATZEL: You certainly can.

COMPTROLLER FRANCHOT: Good. Madam President, welcome. So this contract is for \$153,300 and it's to do pre-construction,

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construction manager at risk services. The estimated cost of the project, which I take it is to renovate a 13-story residence facility, is this like a dormitory?

DR. SCHATZEL: That's a residence hall, correct.

COMPTROLLER FRANCHOT: Okay. So it's a dormitory. We're going to spend \$32,560,000 estimated cost. Is that public debt or public money?

DR. SCHATZEL: It's going to be coming out of the auxiliaries from the system itself, from a revenue bond.

COMPTROLLER FRANCHOT: It's going to be coming out from where?

DR. SCHATZEL: From a revenue bond. But I'll turn to my folks in the back to give the specific answer.

TREASURER KOPP: Auxiliary --

COMPTROLLER FRANCHOT: Yeah. I'm interested as to where the dollars are coming from.

MR. EVANS: Those are academic revenue bonds.

COMPTROLLER FRANCHOT: Okay. Let me ask this, though. Why are we using academic revenue bonds for anything associated with the public? Why aren't we just asking the --

TREASURER KOPP: Is it academic --

COMPTROLLER FRANCHOT: Excuse me?

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TREASURER KOPP: I don't think it is academic revenue bonds.

MR. EVANS: It's auxiliary revenue bonds.

MR. OSTER: Excuse me. Joe Oster, Vice President for Administration and Finance. It's a system --

LIEUTENANT GOVERNOR RUTHERFORD: Come closer to the microphone.

MR. OSTER: -- yes, system funded construction program. It's auxiliary bonds through the University System of Maryland. So it's money that the system borrows and then through student fees and residential fees those bonds are paid back over 20 years.

COMPTROLLER FRANCHOT: Okay. So it's a form of public debt?

MR. OSTER: Yes, you could --

COMPTROLLER FRANCHOT: Okay. I understand that. That's what I was driving at. Because my question is why aren't we using the private sector debt that is readily available in this space for dormitories at University of Maryland system membership? Why are we using the public debt when we could use the private debt and based on I think previous experiences at College Park and other campuses?

MR. OSTER: This is a pre-existing owned building by the University and by the State, and therefore we are using the auxiliary bond

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program to pay for that. When we look at each of these programs, we analyze which is the more efficient way of managing these projects, whether it's better done as a P3 using private equity, or whether better done using our own reserves and through the system funded program.

COMPTROLLER FRANCHOT: Okay. That's a fair question, a fair response. And where's --

MR. OSTER: And we, we've actually --

COMPTROLLER FRANCHOT: -- where's the analysis?

MR. OSTER: I don't have that with me. I know we did that long ago. Our last couple of projects that we've done on campus we have actually done using the system funded program because the interest rates that the private sector was able to get was higher than the interest rates that we were able to get through the system. And the long term board rates for our students were more affordable by going through the system funded program rather than going through the private equity program.

COMPTROLLER FRANCHOT: Right. What about if the private sector could do it for two-thirds the cost?

MR. OSTER: If the private sector can do it for two-thirds the cost, we've done that in the past. We have three buildings on our campus that have been done that way.

COMPTROLLER FRANCHOT: Yeah, but what about here?

Why, why are we not exploring that? I mean, I don't, I'm not a construction person. The Lieutenant Governor is infinitely more experienced than I am in this field. But why don't we --

MR. OSTER: So --

COMPTROLLER FRANCHOT: -- change our perspective with dormitory renovations? Which are not rocket science. These are not academic buildings that need to be balanced on the head of a needle because of some kind of, you know, lab space that's being used. These are just dormitories. And so I, this was up before us some time ago and it got withdrawn, I understand, and now we have a new contractor. My question is -- well two questions. Number one, why aren't we using private debt? And number two, how do we know that this figure of \$32,560,000 has any relationship to reality? Or whether it's just, hey, we're spending someone else's money, so who cares? Do you think the construction company cares? Of course they don't. Do you think it's the University cares? Apparently it's, you know, just the, these bonds are just an ATM machine we can go to. So the question is who's looking out for the taxpayer?

MR. OSTER: Actually our designers and our architects on campus working with our designer of the facility look at that very, very closely. We use

guidelines that DBM gives us for construction renovation, construction renovation of residence halls and we try to stay within those parameters.

COMPTROLLER FRANCHOT: That doesn't sound very tight to me.

MR. OSTER: Well when we get ready to go out to bid, this will be bid through a CM at risk, and all of the contractors, we'll be able to look at all of their bids. It's an open book process. So we will actually see the bids that come back from each and every contractor.

COMPTROLLER FRANCHOT: I'll defer to the other members of the Board. But frankly when you say, look this is the, this is what we're going to, this is the most you can spend, \$32 million, or \$23 million, whatever it is. I mean where does that figure come from? Is that from your designers? And who are they paid by and were hired by and who are they responsive to? They're certainly not responsive to the taxpayers. They're responsive to you guys. It's just a, maybe I got out of bed on the wrong side this morning. But Lieutenant Governor, I'll defer to you. Because it's really your specialty.

LIEUTENANT GOVERNOR RUTHERFORD: Well, I think you give me a lot more credit than I deserve on that. But it probably would be a good exercise for a lot of us to go back and look at projects. I know when I was at DGS we estimated, you know, the cost of a project. We had in-house estimators and designers, similar to what they are talking about. But I don't think we often

went back and looked at our original estimate and compared it to when the project was completed. Now, we didn't do a lot of the CM at risk projects which, you know, tries to put a lot more responsibility on the contractor. But sometimes it's worth as an internal exercise just seeing how correct we were in our preliminary estimates. And things happen. You know, the Chinese economy gets particularly hot, and all the steel goes and concrete goes there. So those are things that sometimes happen. But it still would be worth doing that. And I don't know, and maybe that's something that we could take a look at. I'm not sure as the Board, but may be something that I can assign to Mark or somebody. So we'll, let me think about that. Think about what --

COMPTROLLER FRANCHOT: And the other thing, also, Lieutenant Governor, thank you. But also the analysis, such as it is. Because if the private sector can use private money to do the same job for two-thirds of the cost, which they have done at College Park before everybody changed their mind about availability of public debt, give us the analysis. And the system person? Is he behind you?

TREASURER KOPP: It's not public debt.

COMPTROLLER FRANCHOT: Yeah, what is the --

LIEUTENANT GOVERNOR RUTHERFORD: Joe Evans.

COMPTROLLER FRANCHOT: What is the system's position?

Why don't you take these --

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TREASURER KOPP: It's auxiliary funds.

COMPTROLLER FRANCHOT: -- very run of the mill projects, dormitory renovation, and use private debt? And pay them with the revenues from the students who are living in the dormitories?

MR. EVANS: I would have to go back to the system itself and pose that question to them. I mean, I am representing the system but I'm actually from one of the campuses. But I will certainly go back and pose that to the system because it has come up before. You have asked that question before.

COMPTROLLER FRANCHOT: And I just, you know, the private developers tell me we're getting taken to the cleaners here, and that we're spending 30 to 35 percent more than we should for these dormitory renovations, and we're using public debt. So that's the issue. You might take a look at it.

LIEUTENANT GOVERNOR RUTHERFORD: Well is it possible to get the analysis that was done a year ago? If you could send it to the Board, I think that would be helpful for us. Thank you.

COMPTROLLER FRANCHOT: Thank you.

TREASURER KOPP: Just, we've been using a lot of terms. Just so I understand, this is, when students come and they use dining halls or dormitories, they pay a fee, right? Those are auxiliary enterprises, right?

MR. OSTER: Correct. Correct.

TREASURER KOPP: That is what's backing, it's not taxes, and it's not tuition, right?

MR. OSTER: Correct.

TREASURER KOPP: Those would be academic revenue bonds or general obligation building bonds.

MR. OSTER: That is correct.

TREASURER KOPP: Okay. I just want, because there was a little confusion. So it's --

MR. OSTER: The University System of Maryland has the system funded construction program, which funds those things that the State does not pay for using State revenue bonds.

TREASURER KOPP: Right.

MR. OSTER: So it covers things such as dining facilities, parking structures, university unions, and housing.

TREASURER KOPP: Okay. And you can show us that using the auxiliary bond route, what the Comptroller is asking, auxiliary bond route, is less expensive?

MR. OSTER: It's more efficient for us to use that process than to go to, and we have been talking to MEDCO, as an example --

TREASURER KOPP: Right.

MR. OSTER: -- about future projects --

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TREASURER KOPP: Right.

MR. OSTER: -- if we would fund them through MEDCO and in essence, you know, transfer the ownership of the building to MEDCO for 20 years while those, while they pay back the bonds that they borrowed in order to do the renovation. So we've been looking at those for future projects with them.

TREASURER KOPP: And you also look at public-private partnerships --

MR. OSTER: Absolutely.

TREASURER KOPP: -- when you borrow at a private rate as opposed to the rate that you can get with your auxiliary bonds?

MR. OSTER: That is correct.

TREASURER KOPP: So that would be interesting to see.

MR. OSTER: Yes.

TREASURER KOPP: Thank you. Could I just say also this, Madam President, it was before your time but I do congratulate you, because your predecessor isn't here, that this was a project as I recall that went back because there wasn't much competition. You've brought it back, there indeed was competition this time --

MR. EVANS: Yes, ma'am.

TREASURER KOPP: -- and I presume got a good rate because of that. So every once in a while we hear a good story.

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LIEUTENANT GOVERNOR RUTHERFORD: A lot of good stories. A lot of good stories.

TREASURER KOPP: Yes. Often we hear good stories.

DR. SCHATZEL: I appreciate it.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Mr. Evans, this is a separate question completely, and maybe I'm getting way outside my lane. But what would happen if they do this merger of the Baltimore, and the -- what happens with your job and who do you then work for if they merge the two universities?

MR. EVANS: You're talking about Senate Bill 1052?

LIEUTENANT GOVERNOR RUTHERFORD: I don't know bill numbers.

MR. EVANS: That's the bill. I, you know, we have procurement at my campus. I'm from the University of Maryland Baltimore.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. EVANS: The professional schools, and then you have College Park. So what would happen? I have no idea.

LIEUTENANT GOVERNOR RUTHERFORD: All right.

COMPTROLLER FRANCHOT: If I could just ask the President? I apologize, I understand it's your first meeting down here. But I didn't mean to latch into any kind of critical analysis. But how --

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DR. SCHATZEL: No, I appreciate, we appreciate the questions.

COMPTROLLER FRANCHOT: -- how's the men's baseball team doing?

DR. SCHATZEL: We've had, played a few games, and we're looking forward to having you come to campus, I believe. And one of the things that I understand is that we're going to be able to tour the stadium with you and I'll be with you for that trip.

COMPTROLLER FRANCHOT: Excellent.

DR. SCHATZEL: So I look forward to do that as well.

COMPTROLLER FRANCHOT: I look forward to it.

LIEUTENANT GOVERNOR RUTHERFORD: That's good. Thank you all, unless there are other questions? Thank you.

MR. EVANS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Is there a motion on the --

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: We have a second. We're all, all in favor. Department of Information Technology.

MR. GARCIA: Good morning, Lieutenant Governor, Mr. Comptroller, Madam Treasurer. I'm David Garcia, Secretary of the Department

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of IT. Today we have five items on the Agenda. Two are supplemental and we are withdrawing 1-IT, and we have folks here to answer any questions you may have.

COMPTROLLER FRANCHOT: I have nothing.

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

TREASURER KOPP: I did have one.

LIEUTENANT GOVERNOR RUTHERFORD: He took the first one off.

TREASURER KOPP: Ah, in that case --

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

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Favorable.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, a second. All in favor. Thank you, Mr. Secretary. I think it's largely due to the fact that Deputy Secretary Garcia appreciates being at the Board of Public Works and applauded. So --

(Laughter.)

MR. GARCIA: That's why we bring him, sir.

(Laughter.)

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LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

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 19 items today. Items 12-M and 16-GM are being withdrawn.

LIEUTENANT GOVERNOR RUTHERFORD: I'm sorry to interrupt, but for a moment I wanted to welcome the Kent Island High School championship lacrosse team that is in the back of the room.

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: I think we're going to take a photograph but I don't know where in this room we would do that.

COMPTROLLER FRANCHOT: -- do one behind here.

LIEUTENANT GOVERNOR RUTHERFORD: Can they all, can everyone fit behind here? We'll wait until after the meeting. Okay. We're going to -- a little bit of time, gentlemen, if you don't mind waiting. Back to the Transportation Agenda. I see Deputy Secretary Ports knew I was going to be here so he decided not to --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. RAHN: Before you were interrupted I think there was a motion to approve --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: On that note --

COMPTROLLER FRANCHOT: Too bad, you woke me up.

(Laughter.)

COMPTROLLER FRANCHOT: Item 19, please?

LIEUTENANT GOVERNOR RUTHERFORD: Well I was going to start with Item 1 --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: And then go to two, and then --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: -- no. Let's go to 19. That's fine.

MR. RAHN: Yes, Mr. Comptroller. And we do have someone here, actually we have a couple of people here, from MTA, involving the settlement with Amtrak over disputed costs. This one, however, is one in which the Amtrak system was not capable of calculating our fee for credit card transactions on the trains when people would utilize this. And so what happened is this is a, this is a settlement with them to represent the fees that Amtrak had to

pay to credit card companies that are now being transferred back to MTA and MDOT.

COMPTROLLER FRANCHOT: Okay. So I didn't quite understand all that, but what I do understand is \$792,000 of taxpayers' money is going to be spent in this settlement of the disputed, I guess, arrangements between MTA and Amtrak. You say that Amtrak owes us \$1.3 million because Amtrak employees were riding our system for free. Amtrak says MTA owes, you guys owe \$1.5 million for fees associated with the sale of MARC tickets, bearing in mind that MTA and Amtrak share track space, train stations, platforms, and such. So we're asking for \$1.3 million. They are asking for \$1.5 million. And we compromise by paying them almost \$800,000. How does that work?

MR. RAHN: Let me bring people who are directly involved in this.

COMPTROLLER FRANCHOT: Yeah.

MR. RAHN: And --

COMPTROLLER FRANCHOT: And so it really brings up the larger issue of why are we settling these damn things rather than taking them to court.

MR. KOLIG: Good morning. My name is Erich Kolig. I'm the Director of MARC Train and Commuter Bus Services. The agreement is also a number of contract modifications that were made to clarify ambiguity between

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our 2008 and 2013 contracts. The \$792,000 is made up not only of those two items but other items that were engendered as the result of changes in federal law, the Federal Employees Liability Act. There are a number of additional items that were added in order to properly clarify ambiguities and changes between the two contracts. So this is a sum, aggregate sum, of a number of different items.

COMPTROLLER FRANCHOT: Okay. So we have to pay \$800,000, but what about other regional rail properties? Such as VRE, SEPTA, Massachusetts Bay Transportation Authority? Are they all subject to this costly legal action in response to federal --

MR. KOLIG: Yes.

COMPTROLLER FRANCHOT: -- changes?

MR. KOLIG: Correct, they are. This is part of Amtrak's published tariffs. They are applied to both internal and external customers, so other authorities are subject to the same amounts. Maryland is not being singled out for penalty.

LIEUTENANT GOVERNOR RUTHERFORD: There is actually a press statement.

COMPTROLLER FRANCHOT: Is there?

LIEUTENANT GOVERNOR RUTHERFORD: And you know, I don't know if we can always talk about the, or support the veracity of the press.

But they claim that Pennsylvania's SEPTA is to pay \$14 million; New Jersey

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Transit, \$28 million -- no, New Jersey Transit, \$90 million; Massachusetts, \$28.8 million. So it's --

MR. KOLIG: That's in regards --

COMPTROLLER FRANCHOT: And we're only paying \$1 million?

LIEUTENANT GOVERNOR RUTHERFORD: Or \$800,000.

MR. KOLIG: That specific article is in regards to the Passenger Rail Investment Act.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

MR. KOLIG: It is an agreement for shared construction costs and upkeep of the Northeast Corridor. Maryland is, will be subjected to additional costs as well. Those are upcoming in the future. Maryland currently does not have an agreement with Amtrak to pay items like that.

LIEUTENANT GOVERNOR RUTHERFORD: So we are, this is in addition to the \$800,000 that we're paying now?

MR. KOLIG: This would be in addition to that, yes.

LIEUTENANT GOVERNOR RUTHERFORD: So we'll be paying another \$1 million, it sounds like.

MR. RAHN: It would probably, our share for this agreement, whenever we end up reaching an agreement with Amtrak because we are still disputing the but/for liability that they impose upon us for the agreement for us to

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use their tracks, will probably be in the range an additional \$5 million that we will have to pay for the upkeep of the Northeast Corridor for the use of the MARC trains on their system.

COMPTROLLER FRANCHOT: But you're saying today that the \$1.3 million that Amtrak employees were obligated to pay us and didn't because they were riding our system for free, that \$1.3 million has been paid?

MR. KOLIG: That's correct. Well, that is the result of a study of over years of how much those employees had been using the system without paying.

COMPTROLLER FRANCHOT: And that was recognized by Amtrak and they compensated us?

MR. KOLIG: It was recognized by MTA and we approached them for that reimbursement.

COMPTROLLER FRANCHOT: And did they pay it?

MR. KOLIG: As part of this agreement, they will pay. Yes.

LIEUTENANT GOVERNOR RUTHERFORD: So net-net is where the --

COMPTROLLER FRANCHOT: Yeah. Yeah. The net-net --

LIEUTENANT GOVERNOR RUTHERFORD: I guess we --

COMPTROLLER FRANCHOT: And we end up paying more money. And then the other issue I have is why are we settling all these cases?

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Could, I hope I live long enough to see the, whoever it is, the Attorney General, or you, or somebody come and say, you know what? We're just not going to be held up anymore. We're going to actually litigate something. And take our chances. Please, Mr. Secretary, if you feel feisty someday, feel free. Go ahead.

(Laughter.)

MR. RAHN: Those opportunities might be coming.

(Laughter.)

COMPTROLLER FRANCHOT: Okay. Thank you, Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. KOLIG: Thank you, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Any questions, other questions on the Transportation Agenda?

COMPTROLLER FRANCHOT: Move approval, if there are no other questions.

TREASURER KOPP: Second. Second.

LIEUTENANT GOVERNOR RUTHERFORD: All right. All in favor?

TREASURER KOPP: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.
Department of General Services?

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MS. BASSETTE: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: The Department of General Services.

MS. BASSETTE: Good morning, Lieutenant Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Gail Bassette, Secretary of General Services. The department has 34 items on our Agenda, including two supplemental items. We are withdrawing Item 21. We'll be glad to answer any questions you may have.

However, if I may, Governor --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. BASSETTE: -- I would like to highlight a few things on our Agenda today. Today we have before you ten construction and maintenance contracts that total over \$91 million. And four of those awards are going to small businesses, totaling \$1.3 million. And one award is going to a Maryland minority business as the prime contractor. So of the \$91 million that we are presenting before you today a little over \$30 million is going to Maryland minority business firms.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you very much. Which item was that, that is the prime contract?

MS. BASSETTE: Prime contract?

LIEUTENANT GOVERNOR RUTHERFORD: Which item is that? I remember seeing it, but I don't, I didn't mark it. See, I caught you.

MS. BASSETTE: Item 1.

LIEUTENANT GOVERNOR RUTHERFORD: Oh. Well that was, okay. Okay, Maryland Aviation. All right. Well, thank you very much. Sheila will remember this. I'm looking for Paul Georgio to talk about the capital grant and loan programs.

SECRETARY MCDONALD: Well when you --

LIEUTENANT GOVERNOR RUTHERFORD: -- because there are a number of --

SECRETARY MCDONALD: When you first called Item 1 on the Secretary's Agenda it was agriculture cost share, and I was going to say we haven't called them up since we used to call Paul Georgio with the capital grants. Comptroller William Donald Schaefer did always ask Secretary Rutherford to bring up Mr. Georgio.

LIEUTENANT GOVERNOR RUTHERFORD: Yes --

SECRETARY MCDONALD: And the agriculture cost share grants, every time.

LIEUTENANT GOVERNOR RUTHERFORD: And the agriculture cost share. Well I point this out because there are a number of cost sharing or matching grants that are going to a number of worthwhile programs,

including the Historic Annapolis for renovation of a project there; to the Town of North Beach for a bayfront park and sculpture garden in Calvert County; the skate park in Baltimore City; the District Heights Family and Youth Services Bureau. I should have asked for the mayor, Mayor Walls, to be here, because he did talk about that about a year ago, I think he told me about that program. So I just wanted to point out -- oh, as well as the Maryland Bio Foundation, which I had an opportunity to meet them at the Healthy B'more Expo this past Saturday and go through what they are doing, particularly in terms of STEM education throughout the State. And there were a couple of young ladies there that I'm going to get them involved with what's called Maryland -- or not Maryland, excuse me. Million Women Mentors, and the intent of that program, it's a national program, to provide mentors for young ladies, girls that are interested in STEM areas. And so that's, there were two young ladies who, with science backgrounds, who were very interested in participating in that program. So without Paul here --

SECRETARY MCDONALD: But we do have Cathy Ensor, who is an excellent --

MS. BASSETTE: Yes.

SECRETARY MCDONALD: -- manager of the program.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay. Thank you. You have big shoes to follow.

SECRETARY MCDONALD: As a matter of fact she was trained by Mr. Georgio, were you not, many years ago?

MS. ENSOR: Yes.

SECRETARY MCDONALD: And she took over from Mr. Georgio.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Big shoes to follow there. Well, thank you for your work. Any other questions?

COMPTROLLER FRANCHOT: If I could just say to the lacrosse team, I have 1,200 people in my agency. They are fabulous State employees. And when there is a vacancy and people apply for the job, if there are two people at the end who are absolutely equal as far as everything else, if either, if one of them either played men's lacrosse or women's lacrosse, I guarantee you I hire the lacrosse player.

(Laughter.)

COMPTROLLER FRANCHOT: Because there is so much grit in your games. And you guys have the work ethic down, and you understand from your sport how tough it is to excel. So my personal congratulations. I happened to play the game growing up. But it's a great game.

LIEUTENANT GOVERNOR RUTHERFORD: Good. I tend to hire wrestlers, but that's different.

(Laughter.)

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TREASURER KOPP: Could I raise another slightly less optimistic, less positive question or point, Madam Secretary? I invite you over to our building, the Treasury Building, where a tremendous amount of work was done about two years ago on the front steps. I don't know, Comptroller, if you've noticed them, on the front steps and the front stoop. All of which has been undone, I think, by Mother Nature. As the custodians of the State Insurance Trust, I am always a little nervous when I walk out our front door because I think it's a miracle no one has broken their neck walking down those stairs. I just advise, they did a great, people worked very hard. You wouldn't know it from looking at it. And I don't know what can be done, but it's not getting better. The bricks are falling apart. There are spaces between all the stones. The whole landing is becoming quite uneven again. So anyhow, come over. I'll give you a cup of tea and show you.

MS. BASSETTE: We will do that.

LIEUTENANT GOVERNOR RUTHERFORD: Madam Secretary, just as a little bit of advice of a former Secretary, you should walk around to all the buildings from time to time.

TREASURER KOPP: Yeah, really.

LIEUTENANT GOVERNOR RUTHERFORD: Don't rely on your people. And just go to the buildings and look at them. Look at the cupolas, in the State buildings. And ask why --

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MS. BASSETTE: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: -- you know, what we can do. And I know it's the budget issues.

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: But definitely, you know, talk to us with regard to budgets. You do at least have one person --

MS. BASSETTE: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: -- on the second floor that's interested in the buildings and maintaining them. So that's, walk around, take a look at the buildings. And maybe it's the materials that we're using with snow removal that may have an effect on it, or whatever the materials that were initially done. But, you know, take a look at that. So, right. Do we have a motion on the DGS Agenda?

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Any second?

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, all in favor. Thank you.

(Whereupon, at 11:12 a.m., the meeting was concluded.)