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

September 7, 2016
10:04 a.m.

PRESENT

HONORABLE LARRY HOGAN

Governor

HONORABLE NANCY KOPP

Treasurer

HONORABLE PETER FRANCHOT

Comptroller

SHEILA C. MCDONALD

Secretary, Board of Public Works

ELLINGTON CHURCHILL

Secretary, Department of General Services

DAVID BRINKLEY

Secretary, Department of Budget and Management

PETE RAHN

Secretary, Department of Transportation

MARK BELTON

Secretary, Department of Natural Resources

DAVID GARCIA

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CONTENTS

Subject	Agenda	Witness	Page
SEC Agenda	SEC	Sheila McDonald	10
DNR Agenda	DNR	Mark Belton	11
State Medical Director and Occupational Medical Services for State Agencies	DBM 3-S, p. 39	David Brinkley Jamie Tomaszewski Paul Tiburzi Michael Kosuth Mike Johansen Matt Haney Scott Livingston	12, 62
Retroactive Contract for MDOT Temporary Agency Help	DBM 18-S- MOD, p. 76	David Brinkley Pete Rahn	43
Maintenance, Repair, and Accident Management Program for State-Owned Vehicles	DBM 4-S, p. 48	David Brinkley Larry Williams Jamie Tomaszewski Sheila McDonald	48
Payment of Settlement in <i>National Federation of the Blind, Inc., et al v. Linda H. Lamone, et al.</i>	DBM 22-GM, p. 54	David Brinkley David McManus	54
USM Agenda	USM	Joe Evans	66
DoIT Agenda	DoIT	David Garcia	67
Modification of Multiple Architectural/Engineering Contracts	DOT 5-AE- MOD, p. 115	Pete Rahn	68

Retroactive Contract for Goodyear Tire Repair, Maintenance, and Lease	DOT 16-M-MOD, p. 161	Pete Rahn	70
Retroactive Contract for Light Rail Snow and Ice Removal	DOT 26-GM-MOD, p. 177	Pete Rahn	70
Modification of Contract for On-Call Program Management Consultant Services for Purple Line	DOT 3-AE-MOD, p. 72	Pete Rahn	72
Modification of Contract for On-Call General Engineering Consultant Services for Purple Line	DOT 4-AE-MOD, p. 110	Pete Rahn	72
Grant to the Board of Governors of the Chesapeake Bay Maritime Museum, Inc.	DGS 25-CGL, p. 236	Ellington Churchill Howard Freedlander	76

PROCEEDINGS

GOVERNOR HOGAN: Good morning, everyone.

AUDIENCE: Good morning.

GOVERNOR HOGAN: We've got a really packed Agenda this morning, which you can see from our crowded room. So I'm going to go ahead and get it started and turn the floor over to my colleagues for any opening remarks. Madam Treasurer?

TREASURER KOPP: Just a pleasure to be here. We've got a very large Agenda and I would suggest maybe we go through it.

GOVERNOR HOGAN: Great. Mr. Comptroller?

COMPTROLLER FRANCHOT: Well I just wanted to note for the record I hope everybody had a very enjoyable and relaxing Labor Day weekend. And speaking of Labor Day --

(Laughter.)

TREASURER KOPP: I wasn't going to speak of Labor Day.

COMPTROLLER FRANCHOT: -- Governor, I would like to once again personally thank you on behalf of Maryland families, teachers, students, and businesses for signing an executive order last week to start schools next year after the Labor Day holiday. It was great to join you and so many other Marylanders from all around the State in Ocean City for the special announcement and the energy and enthusiasm for this initiative are evident in communities across our

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State. It's good for Maryland families, good for teachers and students, good for our economy. We're doing this without compromising the high quality of education that our kids need and deserve. And I'm confident that our local school systems will be successful in planning and implementing a 180-day school calendar, the same number of days, that starts after Labor Day and ends by June 15th.

And Governor, if I could, I'd also like to thank those who, on a different subject, participated in the financial recovery workshop that my office hosted last Thursday for the victims of the Flower Branch apartment explosion in Silver Spring. We had agencies from every level of government, superb nonprofits like CASA de Maryland and the CASH Campaign, who were there to help the victims as they rebuild their lives after losing everything. I'd like to particularly thank three members of my staff who helped coordinate this effort: Craig Zucker and Joe Shapiro and Mariela Cruz. Their hard work allowed us to organize a meaningful and productive workshop that provided invaluable information and resources to the nearly 100 people who were displaced in that tragic accident. Governor, thank you very much.

GOVERNOR HOGAN: Thank you, Mr. Comptroller. I guess we'll go ahead and get started with the Secretary's Agenda.

TREASURER KOPP: Could I just say for the record, I wasn't going to bring it up and I will not go into it. I think this is an abuse of executive

authority. I was very surprised to see it happen. We have a long history of local governance of the schools. School years are set by combinations of the teachers, administrators, parents, and community. It worked quite well, I believe. And I'm very sorry to see this twist. But I trust it will be worked out and I look forward to the Attorney General's opinion. And I wonder, just raising a question out of the blue, if laws can be taken to referendum, I just, I never heard of executive orders being taken to referendum. But it would be very interesting. But we'll see. Perhaps shortening the holidays will work. We don't know. But I'm sorry it was done this way. I think it was a misuse of authority.

GOVERNOR HOGAN: Well almost ten percent of the people in Maryland agree with you. I'm sorry you didn't like the idea.

TREASURER KOPP: We'll see how it --

GOVERNOR HOGAN: But --

TREASURER KOPP: No, we'll see how it plays out.

GOVERNOR HOGAN: -- most people do. And just to clarify, I wasn't going to bring it up. But --

(Laughter.)

GOVERNOR HOGAN: -- just to provide --

TREASURER KOPP: Your colleague --

GOVERNOR HOGAN: Just to --

TREASURER KOPP: -- your colleague over here --

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GOVERNOR HOGAN: -- just to provide some facts, the previous Governor was also in favor of this and supported it. And the Legislature --

TREASURER KOPP: But did not use his authority to do it.

GOVERNOR HOGAN: I'm talking now. I'm talking.

TREASURER KOPP: But I'm not arguing with you --

GOVERNOR HOGAN: So the Legislature mandated a commission to study this issue. They spent a year doing so. The commission included teachers and parents and administrators and school boards, and they looked into every single issue regarding this and voted overwhelmingly 12 to three to make schools start after Labor Day. And then the Legislature failed to act for two years because of pressure from the teachers union. So we're doing what the legislatively mandated and Governor O'Malley appointed commission recommended be done. And what somewhere between 75 and 93 percent of the people in Maryland wanted to have done. And so we're just doing the people's business. We have every right to do so. We do control the executive branch of government. We're just providing a start date and an end date and the school systems all get to make up their own calendar in between. This legislative commission actually came up with suggested calendars for them to use to help them. This nonsense about we're going to do away with Christmas and spring break is ridiculous. Some of these school systems have 15 mandated days off by

the teachers union to do various things. You don't have to skip a single day of spring break. So I appreciate your opinion --

TREASURER KOPP: Governor, just for the record --

GOVERNOR HOGAN: -- it just happens to be wrong.

TREASURER KOPP: -- that it is not wrong, though, that that commission never proposed that an executive order take the place of --

GOVERNOR HOGAN: No, that's true. But the Legislature failed to act for several years so we decided to do so.

TREASURER KOPP: No, the Legislature voted against it.

GOVERNOR HOGAN: We're going to move on with the Secretary's Agenda.

TREASURER KOPP: It's a different, that's a different thing.

GOVERNOR HOGAN: No, it never came out of committee.

TREASURER KOPP: That's right. The Legislature did not approve it.

GOVERNOR HOGAN: Because the teachers union didn't do what everybody else wanted done.

TREASURER KOPP: That I don't know.

GOVERNOR HOGAN: Including the Governor, the Legislature, and the teachers.

COMPTROLLER FRANCHOT: Gosh, I'm sorry I brought the subject up.

(Laughter.)

COMPTROLLER FRANCHOT: But you've just seen a great example of democracy in action.

TREASURER KOPP: That's right.

COMPTROLLER FRANCHOT: People have diverse opinions. And --

GOVERNOR HOGAN: And look, if the Legislature wants to go against 90 percent of the people in the State, they have every right to try to do so. I think it would be a mistake.

COMPTROLLER FRANCHOT: Just for the --

GOVERNOR HOGAN: Let's start with the Secretary's Agenda.

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 13 items on the Secretary's Agenda. We are withdrawing Item 12. I would like to note for the record that Item 3, a wetlands license for Anne Arundel County Department of Public Works, should note on it that it is proposed as a ten-year maintenance dredging term, which is what we do for the county maintenance dredging items. With that, we're ready to answer any questions you may have.

GOVERNOR HOGAN: Any questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Yes I had a question -- no, the next one. I'm sorry. None for --

GOVERNOR HOGAN: Madam Treasurer?

TREASURER KOPP: Not for the Secretary's Agenda.

GOVERNOR HOGAN: Okay. Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-oh.

SECRETARY MCDONALD: Thank you.

GOVERNOR HOGAN: On to the DNR Real Property Agenda.

MR. BELTON: Good morning, Governor, Mr. Comptroller, Madam Treasurer.

GOVERNOR HOGAN: Good morning.

MR. BELTON: For the record, I'm Mark Belton, Secretary of the Maryland Department of Natural Resources. We have 15 items on our Real Property Agenda for your approval this morning.

GOVERNOR HOGAN: Great. Any questions on the DNR Agenda?

COMPTROLLER FRANCHOT: None here.

GOVERNOR HOGAN: Is there a motion?

TREASURER KOPP: Favorable.

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Three-oh on DNR. We'll move on to DBM.

MR. BRINKLEY: Good morning, Governor, Mr. Comptroller, Madam Treasurer. David Brinkley for the record, the Secretary of the Department of Budget and Management. We have 23 items on today's Agenda and I have people here to address any concerns or questions that you might have.

GOVERNOR HOGAN: Questions on DBM?

COMPTROLLER FRANCHOT: I had a few questions on Item 3.

MR. BRINKLEY: Item 3? Jamie? Jamie Tomaszewski, the Chief of Procurement.

MS. TOMASZEWSKI: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, Jamie Tomaszewski, Chief of Procurement for the Department of Budget and Management. We are pleased to present an award recommendation for the State Medical Director and Occupational Medical Services contract based upon a competitive sealed proposals procurement. For the past 15 years DBM has not received substantial competition and now we have as an incumbent that was outbid. Based upon

procurement law and the request of this Board to seek out competition, which DBM has done, we see no reason to delay the award of this new contract notwithstanding the appeal. I'll be happy to answer any questions that you have.

COMPTROLLER FRANCHOT: Okay. Thank you. That's well put. And it is for a \$9.3 million contract to a Delaware based firm, WorkPro Holdings, to provide up 22 occupational medical services for the State's workforce. If the Board approves this contract, as you noted, WorkPro would dislodge the incumbent vendor, Concentra, which is based in Texas and has office space here in Elkridge.

So just for the record, what services specifically are provided to the State's workforce under this contract? And how many employees are actually served over the course of a year, estimate?

MS. TOMASZEWSKI: Okay, this contract is for pre-employment medical evaluations, drug testing for our different offices; they do job profile analysis for employees of the State as well as workers compensation claims and return to work claims through the State Medical Director's Office.

COMPTROLLER FRANCHOT: Okay. So the amount of money requested today is an estimate of what you think we will need to service the number of individuals who are receiving this evaluation or service?

MS. TOMASZEWSKI: Yes.

COMPTROLLER FRANCHOT: So it could be higher or it could be lower, but it's a rough estimate based on your, in your best judgment?

MS. TOMASZEWSKI: Yes. Right. Based on a model that we put together in this solicitation of projected usage with new vendors that have been, or new, excuse me, new agencies that have now come under this contract, we had some agencies that previously did their own evaluations under separate contract. They are now part of this contract so some of the estimates for the new contract were increased for those reasons. And based on that model, that's what we anticipate the usage to be. But there's no guarantee maximum or minimum usage of the contract.

COMPTROLLER FRANCHOT: Okay. And how many years has the incumbent, Concentra, held this contract? How would you or DBM assess the quality of the firm's work during its incumbency?

MS. TOMASZEWSKI: Concentra has had the contract for 15 years. They've done an excellent job on the contract. The evaluation committee as well as, the evaluation committee consisted of end users of the contract and they are pleased with the work performance that Concentra has done.

COMPTROLLER FRANCHOT: Okay.

MS. TOMASZEWSKI: So there was no question there and that's why they were ranked technically overall number one.

TREASURER KOPP: The end users, by the end users you mean -

-

MS. TOMASZEWSKI: The agencies, the State agencies that are actually using the contractor and have direct relationships with the contractor.

COMPTROLLER FRANCHOT: Okay. So this is an interesting contract because the recommended vendor in this case from your agency, Mr. Secretary, is coming in with a cost that's 40 percent lower than the incumbent. And under our, you know, desire to have competition and protecting the taxpayer that looks like it would be an easy, obvious move --

MS. TOMASZEWSKI: Correct.

COMPTROLLER FRANCHOT: -- to support that. But on the other hand, over the last few years I've seen, last ten years, instances where the challenger has come in with a cost proposal that's completely out of synch with the incumbent, who theoretically would have a pretty good sense of what it actually costs to deliver the services. And only after the fact do we find out that the challenger's numbers were never plausible to begin with. The most searing example of this would be the debacle that we experienced last year with Crystal Enterprises in the correctional food service contract. All of which is to say it's a, it's just an interesting vote that we're about to take because how do we know that WorkPro can really deliver these services for the cost and that we aren't setting ourselves up for a costly contract modification or disruption of services?

MS. TOMASZEWSKI: I wholeheartedly agree with you, Mr. Comptroller. Because of the debacle that you speak of DBM in opening financial proposals, and we did get three proposals, we had two that were fairly close together at a \$9 million range, and then our incumbent was the \$15 million. So because there were two vendors that were coming in with a fairly close proposal and the outlier of our incumbent, we did look further into it. Where we could do direct comparisons we did market analysis and looked, researched pricing that was available from other states that we could compare to see that the rates that were being proposed by the other two offerors were reasonable.

COMPTROLLER FRANCHOT: Okay. And in other states does the WorkPro, the company we're being asked to award the contract to, do they engage in businesses analogous to what they would be doing here?

MS. TOMASZEWSKI: Yes. WorkPro actually has the State Medical Director contract for the State of Delaware, as well as for Amazon, which is a very large private company. And the evaluation committee felt that based on their experience they were totally capable of performing the services under our contract.

COMPTROLLER FRANCHOT: Okay.

MS. TOMASZEWSKI: As well as the parent company for WorkPro, Pivot, has provided an absolute guarantee to their performance and their financial capabilities.

TREASURER KOPP: And the functions that are performed in Delaware and for Amazon are the same as the functions --

MS. TOMASZEWSKI: Yes, the occupational medical services.

COMPTROLLER FRANCHOT: And just finally is this under active bid protest?

MS. TOMASZEWSKI: They did submit a protest. DBM denied the protest. That was provided as backup for you all. And they have now gone and appealed that protest to the Maryland State Board of Contract Appeals.

COMPTROLLER FRANCHOT: Okay. Thank you.

TREASURER KOPP: Could I just --

GOVERNOR HOGAN: I believe we have people from both vendors here that would like to testify this morning.

MS. TOMASZEWSKI: Yes. We do.

TREASURER KOPP: Could I ask --

GOVERNOR HOGAN: Sure.

TREASURER KOPP: -- the department to sort of stand by for after?

MS. TOMASZEWSKI: Sure. Absolutely.

GOVERNOR HOGAN: Sure. So we'll call up first the folks representing Concentra --

MS. TOMASZEWSKI: Okay.

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GOVERNOR HOGAN: -- followed by WorkPro.

SECRETARY MCDONALD: Concentra is protesting the action of the department.

MR. TIBURZI: Governor Hogan, Treasurer Kopp, Comptroller Franchot, Paul Tiburzi, I represent Concentra. It's an honor to be back before the Board. I was thinking that I first came to this Board many years ago when Governor Hughes was Governor and I was the State's Bond Counsel. So it's always an honor to be here and be back before the Board of Public Works.

My client is Concentra and we are the home team. We've been the incumbent for 15 years. We've provided these services to hundreds of State employees everyday and we are in effect the State's doctor. We do a lot more than what was said. And we have hundreds of employees in the State of Maryland. We have over a dozen facilities in the State of Maryland. And we would ask that you not move forward with this Agenda item, that you reject this Agenda item, because we have filed an appeal before the State Board of Contract Appeals. And there is a reg right on point, as the Board knows, and there is no substantial State interest in your rushing forward with awarding the contract today. Rather we would ask that you respect the procurement process and give us a chance to have our day in court. It's not literally a court. But give us our chance to present our arguments to the Maryland State Board of Contract Appeals.

Coming up after me is Mr. Michael Kosuth, who is the Senior Vice President with Concentra, who manages the State of Maryland. Concentra received the top technical ranking, as was said, and our clients are very, very happy with the services we provide. And I'm not going to litigate our claim today, of course. But I can tell the Board that we raise serious issues with this procurement before the State Board of Contract Appeals. We've shared our pleadings with your staff. There are many issues to be looked at, including the lack of a meaningful price analysis. And as the Comptroller was asking, and I don't mean to use the pejorative, but this was the classic low ball bid. And we want to explore that before the Board of Contract Appeals. It's too good to be true. It doesn't make any sense. And as the Comptroller pointed out, this Board has had recent bad experiences with low ball bids.

GOVERNOR HOGAN: How would you answer the question that there were two bids that came in at the same number, and yours was \$6 million higher? It seems like there were two low ball bids, or you had one high ball bid.

(Laughter.)

MR. TIBURZI: No, sir. There were two. And frankly one of the allegations before the Board of Contract Appeals is perhaps they were working together. We think, we know because we've been doing this work for 15 years, Governor. We know what's involved. We know what the price ought to be. So we have a much more realistic assessment of what this is about. WorkPro doesn't

know, nor does OMS. So but all we're saying today to this Board is what's the hurry? Why not give us a chance to explore that before the Board of Contract Appeals, which does a good job in adjudicating these things? There is no need to rush to judgment.

If you read the DBM Agenda item, and they talk about this as a positive, they say that WorkPro is building facilities to serve the contract. Well how on earth are they going to be ready to serve State employees in less than a month when this contract expires if they were building facilities? We're here. We're doing a good job. And I will say unequivocally to the Board and to DBM, Concentra will agree to continue under the current DBM contract for as long as it takes and we will agree to continue at the current lower cost. We'll be happy to work that amendment out with the Secretary and his people and it could be brought back to you on the 21st. So you can keep us in place at the lower cost as long as it takes. It could take six months. It could take a year. But we're here and we'll do that.

We've done a quick analysis, and I know DBM has done a different analysis, you could actually save money if you keep us in place at the lower contract cost. I understand DBM has a different view on that. They think it may go up somewhat. But in either case the savings are not material and so under the regulation there's no substantial State interest for you to rush ahead and approve this today in the face of a bid and a protest. And that's what we're asking

today that you not do. There's no reason to hurry. Why not let us continue, let us serve the State employees as we've done. Let us have our day in court and then see how we do and we'll come back to the Board in six months or a year when that is sorted out and you've got us at the lower contract price. We will commit to that unequivocally.

We think it would be prudent to do that because you're talking about, what could be more important? The State's doctor, I mean, there is a doctor who is the State's Medical Director, and providing essential services to State employees, exams, vaccinations, medical work. Do you really want to take a chance with this by rejecting us now? Why not keep us in place and not risk getting that wrong?

So in summary we would ask please reject this item and please order DBM to defer and hang onto us under the old contract price, which I think is a bargain, and take your time with this. We would respectfully say to the Board as your partner for 15 years and as a long term Maryland employer that we deserve that and the State employees deserve that. I'd be happy to answer any questions that I'd ask that Mr. Kosuth be able to give a short statement.

GOVERNOR HOGAN: Sure.

MR. TIBURZI: Thank you, Governor --

GOVERNOR HOGAN: Thank you.

MR. TIBURZI: -- Comptroller, Treasurer.

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GOVERNOR HOGAN: Thank you. Let's hear from him.

MR. KOSUTH: Thank you, Paul. Governor Hogan, Madam Treasurer, Comptroller Franchot, I just want to talk a little bit about Concentra. Concentra has been in business since 1979. We compete in 42 states. We see over 30,000 patients a day, and we also, by the way, work with Amazon nationally. Every facility that Amazon has that we match up with we see Amazon patients.

We've been in Maryland since 1995 and we see over 1,000 patients in our facilities throughout the State of Maryland. About 100 of those are Maryland employees. However, we also see Maryland employees in South Carolina facilities, we see them in our North Carolina facilities, we see them in our Virginia facilities, our New Jersey facilities, our Delaware facilities, and we see them in our Pennsylvania facilities.

Our facilities are physician led. They are driven by board certified physicians. And as Paul said, our State Medical Director sees State of Maryland employees, however at all of the other facilities I mentioned throughout the states that I mentioned they are seen by board certified physicians. That's one of the things we bring to the table.

Our centers include physicians, nurses, x-ray, lab, and also physical therapy. We've been a good partner for the State of Maryland for the last 15 years, as is evident by the comment from the different department heads.

And as Paul mentioned, we want to continue to work with the State under the existing contract and we're more than willing to do that.

The one thing I do want to mention, throughout this whole process and in the appeals process is, you know, we're dealing with patients and patient medical records. And in that we have to make sure we follow HIPAA guidelines. One of my big concerns is if we're transferring patient medical records that we are cognizant of patients and patient medical records and releasing any patient information in any type of transition.

So to sum it up we definitely want to work with the State of Maryland. We're here to compete. We're here to provide great service. And I want to thank you for your time.

GOVERNOR HOGAN: Can I just ask, you know --

MR. KOSUTH: Sure.

GOVERNOR HOGAN: -- can you tell me why your bid is 63 percent higher than the other two bidders?

MR. KOSUTH: Sure. Because we took our bid based on the current business that we're seeing and our current pricing, and the volume that we were given in the RFP is significantly higher than what is currently being seen in, with the volume that we have today. And really if you look at the volume through the last five years it's been roughly \$1.7 million, \$1.8 million a year.

If you go back to 2001 when we received this contract, we essentially worked with Mercy Medical Center in Baltimore. They had the contract. We acquired their occupational medicine program. With that came the State of Maryland contract.

Essentially what we've done since 2001 is essentially basically had cost of living increases of two to three percent per year built into that contract since the contract we received in 2001. So essentially what we did with this bid, essentially built those two to three percent increases in that contract that you received in the RFP. However the volumes were significantly higher, hundreds of visits per day higher, than what is currently being seen. That's what's driven up the cost difference.

MR. TIBURZI: And Governor, their, the DBM item has a much higher percentage than is the case. Mr. Kosuth did a letter to the Board. It's in the 30 percent difference, it's not 60 percent, and that's pointed out in Mr. Kosuth's letter. So the percentage, there's a low ball bid but it's not as great as has been said.

COMPTROLLER FRANCHOT: Could I --

GOVERNOR HOGAN: Well the difference between \$9 million and \$15 million is not 30 percent, it's 63 percent. Is that --

MR. TIBURZI: No, the difference is 39 percent, as pointed out in Mr. Kosuth's letter.

GOVERNOR HOGAN: Okay. Great. Thank you.

MR. TIBURZI: It depends on the volumes. The RFP, this RFP has much higher volumes. That's one of the big differences. And again, we think we know what we're doing and that's why. But --

GOVERNOR HOGAN: Okay. Great. Thank you. Now we'll hear from WorkPro.

COMPTROLLER FRANCHOT: Well can I just ask a quick -- I have a lot of respect for Mr. Tiburzi.

MR. TIBURZI: Thank you.

COMPTROLLER FRANCHOT: Thank you for your legal expertise, etcetera.

MR. TIBURZI: Thank you.

COMPTROLLER FRANCHOT: How long would a protest take? Why can't it be one month rather than six months or 12 months?

MR. TIBURZI: Thank you. And thank you for your kind words, Comptroller. No, that's a good question. And actually the regulations say that bid protests are given precedence and WorkPro is represented by a very fine lawyer, Mr. Livingston, and I'd like to think my firm knows what we're doing. We will agree to accelerate, to press the Board of Contract Appeals. I don't know that it's a month. But I've talked to my partners and I think probably six months would do it if we all work together. And we want to get it resolved. So it

probably could be done in six months. You've seen some longer things. But with a bid protest I think it's six months.

And again, that makes our point. What's the hurry? Why not lock us in and give us a chance to litigate, which we'll happily do. And win, lose, or draw, then we'll come back to the Board. Six months.

COMPTROLLER FRANCHOT: So how much would the six months cost?

MR. TIBURZI: You know, it depends, Mr. Comptroller. We've looked at it. We actually think the State could save money. Because as Mr. Kosuth said, our contract, we've been billing \$1.7 million. If you take the WorkPro number, which the Governor just mentioned, divide it by five, it's about \$1.8 million. So when you lock us in at the old contract, we think we may save money, you may save money. But the difference, and I know DBM has done a different analysis using the higher volumes, but we would say in any event the difference is negligible. The State isn't going to have to pay much if anything more. And typically, I know the Board has awarded in the face of protest. But I think it's fair to say that this is not the usual process. And I think you would respect the procurement process and allow our bid to go forward, our appeal to go forward.

GOVERNOR HOGAN: All right. Thank you. I think maybe DBM wants to respond to the --

MS. TOMASZEWSKI: Thank you, Governor. I just want to point out in doing an actual apples for apples comparison of the rates of the five-year contract currently with Concentra, so their year five rates that we would be extending for, and WorkPro's new rates that they proposed for year one of the contract, if we were to do a one-year extension with Concentra the five-year rates at the numbers that we have in our proposal, that's all we can compare, is the proposal amount, would be \$2.4 million versus \$1.8 million for WorkPro. So we'd have a savings of 31 percent moving forward with the WorkPro new contract versus extending with Concentra for a year for that --

COMPTROLLER FRANCHOT: Could I just ask so what is the problem with extending it for six months at whatever the current rate is without dealing with the estimated increase? It's not going to jump up by 30 percent in the next six months.

MS. TOMASZEWSKI: Well actually if, for us to continue paying the rates that we're paying, we will have an increase no matter what. There is a 31 percent increase based on the proposal rates, proposal units. But the rates are solid. They are the fixed rates. So we would definitely have a loss of funds --

TREASURER KOPP: I just don't understand. You are saying that the caseload will jump up next month?

MS. TOMASZEWSKI: They are saying that the caseload that we proposed was not accurate to what they've been performing.

TREASURER KOPP: Right.

MS. TOMASZEWSKI: I -- based on the numbers that we have for their actual payments and the average over the last five years was actually \$1.9 million not \$1.7 million --

COMPTROLLER FRANCHOT: Okay.

MS. TOMASZEWSKI: -- based on true numbers. So right there that is even higher than WorkPro's proposed price. The rates themselves are fixed but the units vary. We have no guarantee of how many times an employee will have to go to one of the facilities. So yes, there could be variances there. But we built in --

TREASURER KOPP: But are you assuming a significant increase next month, is my question? Or when the contract -- I don't see how you can do it in one month but I guess you think you can.

MS. TOMASZEWSKI: Well yeah, it varies month to month. But the prices that they will be charging the State versus what WorkPro will charge are higher. That's the bottom line. They are higher rates.

TREASURER KOPP: I don't think that was my question.

MS. TOMASZEWSKI: Oh, okay. Then I misunderstood.

TREASURER KOPP: The enrollment, the number of cases, is that going to jump up next month?

MS. TOMASZEWSKI: I have no idea that it would jump up. We don't know month to month.

TREASURER KOPP: But you are assuming a higher, you just, I thought you said in the beginning that there was an increase --

MS. TOMASZEWSKI: Oh, there has been a gradual increase over the last year of the contract and that's what we based our financial units on, were the increase with the new agencies that have come into this contract.

TREASURER KOPP: A gradual increase?

MS. TOMASZEWSKI: So they've, they have started using it. So it hasn't been a huge bump up but we have counted for the increase in the new contract. So over the five years of the next contract, we will have more usage than we have had on the previous five-year contract.

TREASURER KOPP: Okay. The Comptroller was asking about what would happen if there were a six- to nine-month delay. And that was my question. You said there was a gradual increase, which adds to a gradual cost. And on the other hand I left, I got the impression from what you said that there would be an immediate significant increase. Was that wrong?

MS. TOMASZEWSKI: Well they -- yes. They were talking about a significant difference in what they have been doing on the current contract and what was in the units that we put in for the evaluation purposes. And they are different because of the added agencies that have come into the contract. But I

don't, I don't know that it would be a big bump. There could be a big bump one month and the next month not. It could stay at the average that the employees are using the contract now. But we built into the RFP for the additional usage on the contract.

COMPTROLLER FRANCHOT: Okay. Could I just ask a question, get in here? My question was --

GOVERNOR HOGAN: Let's just ask one more and then move on --

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: -- to the other vendor. We have a long Agenda.

MS. TOMASZEWSKI: Yes.

COMPTROLLER FRANCHOT: Yeah, no, I understand that. But if Concentra agreed out of an abundance of goodwill, I guess, to do for the next three months the business that they've been doing for one-fourth of the \$1.9 million, take your figure, and that would allow the bid protest on an expedited basis to be dealt with, what is the, what possible harm is there in doing something like that if they agree to it regardless of what the volume might kick up to be from one month to the next?

MS. TOMASZEWSKI: Our other, the other concern and our other substantial State interest is the economic benefit to the State for the new facilities.

They don't see it as an economic benefit. However, WorkPro has stated that these facilities are up and, they are getting them up and running for an October 1st start date. So if we delay we will delay new employees starting to work in those facilities. It's hard for them to say, oh, hang on, we'll have a job for you in three to six months. So they are hiring people now. They are getting people ready to start in these locations, as well as their subcontractors that they are utilizing for the start of the contract, and also recruiting and hiring for their placements and to start the contract on October 1st.

TREASURER KOPP: Do you cost out the loss also of employment?

MS. TOMASZEWSKI: There should not be --

TREASURER KOPP: I mean, is there a balance or --

MS. TOMASZEWSKI: There should not be loss because both of these firms have other business besides the State's business, so their business as usual will continue. The subcontractors being used by both vendors are going to continue working as well.

GOVERNOR HOGAN: Okay. Thank you. At this point I'd like to have the WorkPro folks come forward and give us their side of this story. Thank you.

MR. JOHANSEN: Thank you, Governor. I'm Mike Johansen with the Rifkin Law Firm, Madam Treasurer, Mr. Comptroller. Matt Haney, if you can just join me right here, Matt is the President of Pivot and WorkPro.

So I'm very familiar with the actions of the Board of Public Works in some of these decisions about substantial State interest and awarding in the face of a protest. I'm also very familiar with incumbents. This is a contract that for the first time in four procurements there was competition. The three prior awards to Concentra were single bid awards. Even if they had two bidders only one made it here to the Board of Public Works for a final recommendation. So for the first time in 15 years you had a competitive procurement. And I think this Board recently has suggested that that's what they want to see, and that's what they want their agencies to strive for.

My client heard that call. They are a Maryland based business that actually is doing this same type of work in the State of Delaware. They have 60 locations in the State of Maryland, 600 employees in the State of Maryland, and they said let's compete for this. Can we beat the incumbent on technical? I don't know, but we're really qualified so let's try. How else can they beat them? Let's give a fair price. Let's make sure that if we aren't highest technical, maybe we're better priced and then the procurement officer and the agency can make a decision on who to select. And that's the selection you have in front of you today.

It's a substantial price difference. But it's a fair price difference. Matt can explain how he derived his unit based price, okay. There's no guarantee on volume here. They understand that. But if it's \$10 less a test, depending on however many tests it's going to be, you're going to have a significant savings. You even heard there's a savings even if Concentra keeps their lower pricing today, 30 percent difference in unit based pricing. Which means their proposal was significantly higher. So the competition here worked.

Competition doesn't work if the Board decides to allow the incumbent to protest and delay this for six to nine months to force the challenger to spend hundreds of thousands of dollars in legal fees to help go to the Board of Contract Appeals while they actually still get State revenue to pay their lawyers. So it's easy to take a challenge to the Board of Contract Appeals when you're the incumbent if you maintain the contract. Let's see what decision they would make if the leverage were turned and WorkPro is awarded the contract. Would they still even pursue the appeal in front of the Board of Contract Appeals?

We heard that there was a concern about transferring patient information. Well, you know, that's what they bargained for. They knew if they ever ended the contract they'd have to carefully transfer patient information. Our client is certainly willing to participate in that.

You heard about building new facilities. Most of the work is going to be done at existing locations that WorkPro and its subcontractors have in the

State of Maryland. They are planning for rural area facilities for which we'll also do other business. But in the short term, such as in Western Maryland, they are contracting with Western Maryland Health System to provide the services until the new building or the new office space, it's not a building, it's just new office space, gets constructed. So we're not talking about a big ramp up in new buildings or facilities. There's not a lot of risk there and they have measures in place.

Finally the other thing I've heard many times at the State level is let's encourage partnerships with local organizations, Maryland based subcontractors, and MBEs. There's a 47 percent MBE goal commitment here from WorkPro, which means they've teamed up with other local partners who are going to be doing this work and bringing in their qualifications as well.

So we believe cost saving is a substantial State interest. We believe the integrity of the procurement process itself is a substantial State interest that I've heard this Board comment on many times. Matt?

MR. HANEY: Governor Hogan, Madam Treasurer, Mr. Comptroller, thank you for this opportunity. As Mike spoke, WorkPro is a growing company that's part of Pivot Physical Therapy's physical therapy and occupational medicine platform. I am their President. I was the founder of WorkPro. Prior to that I was the founder of a company called Pro Physical Therapy, which is now ATI Physical Therapy. They have, we compete with them

now but they have over 60 offices in the State of Maryland and 700 nationally, and I was the founder of that platform company. We are private equity backed and our grow strategy is to grow into the markets that Pivot has physical therapy offices and provides industrial services to employers.

So our foundation was in Delaware. We're moving into Maryland because Pivot Physical Therapy, formerly Maryland Sports Medicine and Physical Therapy, owned and operated by a long term Maryland resident who sold his business to Pivot Physical Therapy's private equity firm, has 50 outpatient physical therapy clinics in Maryland and over 50 high school contracts where we provide the athletic trainers in Maryland.

WorkPro is going to expand into that footprint. We were already planning on expanding into that footprint when we realized there was an opportunity for this bid. And we were strongly encouraged by the government to participate in this bid. We were also strongly encouraged to meet and utilize minority business and veteran businesses, and we took a significant amount of time to get to know certain businesses so that we would know who we would be working with in the future.

We have existing offices through our subcontractors in Maryland that are already existing. They have been in place for more than 13 years providing services in Maryland. We are going to also --

TREASURER KOPP: Could I just ask you they are providing services beyond physical therapy?

MR. HANEY: No these are occupational, our vendors, our subcontractor --

TREASURER KOPP: Right.

MR. HANEY: -- the large MBE subcontractor is already a Maryland occupational medicine business that is 13 years in Maryland. A number of the other vendors that we'll be using in the more rural areas are existing occupational medicine businesses or urgent care, and many of them are probably the same ones that the incumbent uses in those markets.

TREASURER KOPP: But they are the same general services that you will be, do you provide the same general services that you will be providing under the contract?

MR. HANEY: Yes. We currently have the State of Delaware contract. We are Amazon's Medical Director in Delaware, Walmart Distribution Center in Delaware, the Newcastle County, the City of Wilmington, the City of Dover, they are all clients of ours providing the same services that we're going to be providing in Maryland.

Our expansion into Maryland is part of our growth and business strategy. We plan to add offices through either de novo, new offices, or through acquisition in the State of Maryland, up to maybe 12 offices over the next two

years. The opportunity for the State contract accelerates that process for us. These are not offices that we would not have otherwise opened. We're still going to open them but we need to open some of them in, you know, a little bit more of a rapid process so that we can be able to serve the needs of the State in our own facilities, not necessarily just through vendors.

With regards to pricing, our unit pricing is very comparable to what we have in the State of Delaware. Actually our pricing to Maryland is probably a little higher because Delaware doesn't require some of the information technology, (indiscernible) reporting and so forth. There are significantly more costs baked into providing such a service.

But our growth in Maryland is not based on just the State of Maryland contract. We will be servicing Walmart Distribution Center in Maryland. We will be servicing Amazon in Maryland. We will be serving our other client companies and we will be aggressively recruiting new business with our sales team that are incentivized to grow our business in the State of Maryland. So we're not solely dependent on the State of Maryland to sustain our business model. But our pricing is consistent with that that we have with not only other clients in Delaware but what we're going to be offering clients in the State of Maryland as we grow into Maryland.

GOVERNOR HOGAN: Any questions?

COMPTROLLER FRANCHOT: Is Mr. Rifkin part of your team?

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MR. JOHANSEN: Yes.

COMPTROLLER FRANCHOT: Could he come up? Is he around?

MR. JOHANSEN: Mr. Livingston is here.

COMPTROLLER FRANCHOT: Livingston?

MR. JOHANSEN: Yes.

COMPTROLLER FRANCHOT: I'm sorry. Livingston. Oh good, there you are.

MR. LIVINGSTON: Good morning, Mr. Comptroller. How are you?

COMPTROLLER FRANCHOT: Yeah.

MR. LIVINGSTON: Governor.

COMPTROLLER FRANCHOT: So --

MR. LIVINGSTON: Treasurer, how are you?

COMPTROLLER FRANCHOT: -- the integrity of the procurement system was mentioned. Doesn't that include respecting in some form the bid protest process?

MR. LIVINGSTON: I use the Jerry Klasmeier rule. Take a look at the strength and weaknesses of the bid protest, and if it looks like it's at all close then I think you ought to give the protester his proverbial day in court. On the other hand, this is a particular bid protest that's particularly weak. The

lawyers did what they could with what they had. But the real question is who gets to pay for the time in the next six months while there's a bid protest? If the contract is awarded to WorkPro promptly, it will start and you'll start saving money. And if it turns out, in the very rare instance if it turns out that the Board of Contract Appeals concludes that it, Concentra, was not treated fairly it will so rule and then the procurement officer will decide what to do next. Resolicit or cure whatever alleged defect there was, and then Concentra if it prevails there will come back.

This is quite different than the food service contract, where there's only one contract, one place to make all that food and serve all those prisoners by a company that had never done this, inmate food services before. This particular contractor is ready to start. It has a parental guarantee from an entity that's got a zillion dollars. But most importantly from your point of view, sir, in the procurement process, if you have the Klasmeier rule as I, Jerry would tell it to me, was he takes a look and sees, all right, how much money can we save? And then there's the Peter Franchot remark, is this really an incumbent protection plan? And then the next concept is well how strong or weak is the bid protest?

I'm extremely familiar with bid protests. I've looked at this one. And if you want I could bore John Gontrum for hours about how weak it is. But it's a weak bid protest. And under that circumstance there is no reason not to promptly award the contract.

COMPTROLLER FRANCHOT: And well I respect, I'm actually glad you're here and not Mr. Rifkin because you are one of the State's leading procurement lawyers.

MR. LIVINGSTON: Thank you.

COMPTROLLER FRANCHOT: But what about an expedited review? Can that be done with this case so that we're not into a six- or 12-month --

MR. LIVINGSTON: Yeah.

COMPTROLLER FRANCHOT: -- dragging of feet, delay, delay, delay? What about two months or three months? And --

MR. LIVINGSTON: Yeah, the delay, delay, delay, unhappily, is attributable to the difficulties that some State agencies have in responding to the requests for production of documents. And I have already started to discuss this with the top lawyer at DBM so we can find ways that those documents would get furnished faster instead of slower. So if that, that's the key driver in these bid protests, is how quickly can the State promptly furnish the documents? And in the one, in the Caremark case, in the pharmaceutical benefits contract from ten years ago, it took them seven or eight months for DBM, the predecessor agency to produce the documents. So we'll work hard to get it done promptly with a view toward hopefully having it all done in the next two or three months so that by December 1st it should all be wrapped up. But our preference, of course, is today

to start doing the work more or less immediately, with the same 60- or 90-day transition time guaranteed in the RFP itself and be ready to work. And that would have the balancing that you often prefer, sir, that on the one hand there is integrity to the procurement system and give the person his metaphorical day in court. And yet – metaphorically, you don't get a day in court if you're at the Board of Contract Appeals because it's not a court, as Dana Dembro will be happy to remind you of that.

Anyway, so under the circumstances I don't think there's any harm to procurement integrity in the circumstance where the incumbent has priced it so much higher than the two other newcomer bidders, and the bid protest itself is paltry. I mean, I say that with all due respect. Paul Tiburzi is an old friend of mine, too. But that's all he's got to work with here. So that's what I would urge this Board to do.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR HOGAN: Any other questions?

TREASURER KOPP: Yes, is it not so if Concentra wins in the Board of Contract Appeals, what happens?

MR. LIVINGSTON: I know what happens.

TREASURER KOPP: Nothing?

MR. LIVINGSTON: I actually know this, and it happened in the (indiscernible) case about 15 years ago. What happens is the Board of Contract

Appeals will rule that the award to the awardee was improper. They'll remand it back to the procurement officer.

TREASURER KOPP: And do a new procurement?

MR. LIVINGSTON: Yeah, sometimes they do a new procurement, sometimes they don't. You may recall in the case of the food services the government decided to take the work in house and there was no reprocurement eventually. But what really happens is that the State of Maryland will then decide what it wants to do in light of the fact that there's some problem found by the Board of Contract Appeals. And if it turns out that Concentra wins it will come back and pick up where it left off. But the State of Maryland is not liable for any damages to Concentra if it turns out that the contract is awarded to WorkPro today and later on it turns out that was a bad decision, an improvident decision, and the Board of Contract Appeals rules in favor of Concentra. It comes back the State of Maryland is not liable for any damages in the intervening period. And the incumbent doesn't get rewarded, not necessarily this incumbent, but the ones that you've encountered, or that you've encountered, if you're talking about you don't want frivolous bid protests. And I'm not saying it's frivolous. But I'm saying it's extremely unlikely that they'll prevail on the merits based on what we all know now. So I would rather have taxpayers get the benefit of the Hogan administration's openness for competition than not.

GOVERNOR HOGAN: Thank you. Any other questions? Thank you very much.

I have a question on Item 17.

MR. BRINKLEY: Let me get to my list.

GOVERNOR HOGAN: This is Secretary Rahn, I believe, will have to --

SECRETARY MCDONALD: I believe it's 18.

GOVERNOR HOGAN: Item 18?

SECRETARY MCDONALD: I believe it's 18.

GOVERNOR HOGAN: Sorry.

MR. BRINKLEY: Greg Johnson, Cheryl Hill. Yeah.

MR. RAHN: Governor, while they are bringing them in I would just, I'd like to comment on this.

GOVERNOR HOGAN: Go ahead.

MR. RAHN: So we have three retroactive contracts that we're seeking approval for today. This is probably the least defensible of the three.

GOVERNOR HOGAN: I thought so. That's why I brought it up.

MR. RAHN: And that's, but the issue is that it is necessary. What happened is that this exposed a system problem in which direct vouchers to the contractor did not come back and count against the contract. So we have made significant personnel changes across the department within procurement. We are

in the process of implementing a new computer system called iContract in which all contracts will be managed out of the Secretary's office from the standpoint of timeliness and cost. And we are doing everything we can to basically get control over procurement and to clean, to clean the house with issues that we have like this.

So these temporary positions were and are necessary because of this massive construction program we have. Last year you may recall an additional \$2 billion worth of road projects were added into the responsibility.

GOVERNOR HOGAN: I think I heard something about that.

MR. RAHN: Yes. And so we are utilizing more temporary employees to do that. And that's why I say this is necessary but it's not defensible because it was the, the payments and such were not processed properly. We --

GOVERNOR HOGAN: Yes so, you know, we don't like retroactive approval of anything. And this is asking for approval for \$17 million of additional retroactive funding above the original \$12 million authorized for the temporary. And according to the backup materials we have here MDOT burned through the original \$12 million three years ago and somehow we lost track of the contracts because the employee that was managing it retired. And you know I understand how we got here, and I don't think any of us are happy about it. But the question is have we got it fixed? Are we going to make sure that we don't do

this in the future so that when the next contract manager retires or leaves the State service that we're not back here again being asked to approve millions of dollars in back payment for things we weren't expecting?

MR. RAHN: Governor, I can only tell you that I would certainly hope that something like this would not happen again. We are taking actions that solve this problem. We believe the actions we are taking and the collaboration now between all of our procurement offices working together as a team, in fact every month now all of the procurement directors come together for a three-hour meeting to discuss what's going on. So we have greater knowledge of what is occurring here. So I believe this will not happen again. We have the two others as, you know, as I've noted. One is stupidity, and the other one I think is very much justified but they were slow in dealing with the paperwork. And I have to give notice that we probably have two or three more retroactive contracts that will be coming before the Board. So I'm very cognizant of the dislike that the Board has for these retroactive contracts and I do apologize that this has happened. But I can tell you we, we are not taking it lightly and we are bringing in, in fact in some of the business units we have cleaned house as far as procurement officials and then brought in entirely new teams to address, to address this.

So we take it serious. Believe me, I wasn't looking forward to coming here today and having to explain these. I, it's not good for our department and certainly it's not good for me. So I do apologize.

GOVERNOR HOGAN: Okay. Thank you for addressing the issue and we, this is something our Procurement Reform Task Force might want to take a look at as well.

TREASURER KOPP: Mr. Secretary, could I just, you said the procurement -- forgive me, but I've heard this in different administrations over the years. And I think basically people are well intended. But the systems clearly that they thought they were putting in place to reform things

MR. RAHN: Didn't.

TREASURER KOPP: -- didn't. And I appreciate your, the procurement agents getting together monthly. Are the procurement people the same as the contract management oversight people? Or are those different people?

MR. RAHN: Those are different people.

TREASURER KOPP: Is that a problem?

MR. RAHN: It, well it's poorly connected. Our system right now is poorly connected between contract managers and procurement. And that's why this program is called iContract will actually give us the ability to oversee all contracts --

TREASURER KOPP: The total process?

MR. RAHN: -- give flags when we're burning through the contract quickly. And quite honestly that's what happened here, is this was burned through because of, I mean we have a record --

TREASURER KOPP: And that would not be a procurement person --

MR. RAHN: Yeah.

TREASURER KOPP: -- who would know necessarily the spending and the --

MR. RAHN: That's correct.

TREASURER KOPP: Exactly.

MR. RAHN: Because if they, what was going on is they were issuing direct vouchers to the vendor and our system never caught those. And that's why, that's why this contract was burned through so quickly. And as you see the actual expiration of the contract date is the end of this month.

TREASURER KOPP: This month, yeah.

MR. RAHN: So the time of it didn't send up a flag and neither did the dollars because the dollars that were in direct vouchers never came back and were charged against, against this.

TREASURER KOPP: And I think the systems that were placed, the reforms of the past --

MR. RAHN: Yes.

TREASURER KOPP: -- were to set up the flags for what flag wasn't needed for this contract. I get it. Thank you.

MR. RAHN: And -- yes?

GOVERNOR HOGAN: Yeah, thank you, Mr. Secretary. Thanks.
So any other questions on the DBM Agenda? Is there a motion?

COMPTROLLER FRANCHOT: I have a --

GOVERNOR HOGAN: You've got a question?

COMPTROLLER FRANCHOT: A couple of questions. On Item 4-S? This was deferred, I think from a previous item --

MR. BRINKLEY: Four-S, is Larry here?

COMPTROLLER FRANCHOT: -- when Lieutenant Governor Rutherford --

MR. BRINKLEY: Larry Williams is the Fleet Administrator with DBM.

MR. WILLIAMS: Good morning, members of the Board. My name is Larry Williams. I'm the State Fleet Administrator. I'm here to answer any questions you might have regarding Item 4-S.

COMPTROLLER FRANCHOT: Okay. So my first question, this is a lot of money, \$77 million, or plus. Say I'm in a State vehicle and I have a breakdown out in Western Maryland, why do we need this contract? Why can't the State simply refer me to the local gas station, repair station, that's nearest to

me that you have some relationship with and I can drive over there and get the car repaired, or have it towed over there? Why do I need some kind of fleet, some kind of I guess clearinghouse, this group that we're giving the money, this money to? Why do we need them? Why don't we just have contracts with different repair stations around the State?

MR. WILLIAMS: Well what the contract basically does is consolidate maintenance services. Element Fleet Management basically provides expertise to our State Fleet Administrators at the local agency. When a vehicle breaks down they in fact contact Element. Element will basically recommend a repair facility that's in the network and approve any work over \$100 working with the agency up to \$1,000. And this program basically ensures that we're not being overcharged. The Element basically has our fleet database so they have a record of all of our vehicles so when the repair facility calls into the repair shop Element is able to pull up the history of that vehicle to make sure that the charges or recommendations made by the mechanic are in line and that the pricing is basically fair and reasonable. And basically it ensures, in a lot of our agencies we don't have people who have expertise, they don't have fleet managers in those agencies. So by having this contract it basically ensures that we have a mechanism in place to ensure that our vehicles are fixed in a timely fashion and that they are basically, there's proper oversight in getting repairs done.

COMPTROLLER FRANCHOT: Okay. I understand that. But it's still a lot of money, \$77 million.

MR. WILLIAMS: Well that's --

COMPTROLLER FRANCHOT: And I know it passes through to the repair shops, I take it?

MR. WILLIAMS: Yes, sir.

COMPTROLLER FRANCHOT: But it's under the aegis of this company that we're contracting with and that is a single bid contract, right?

MR. WILLIAMS: No, we had three bids.

GOVERNOR HOGAN: No, they had two other proposals.

COMPTROLLER FRANCHOT: You did? There were two other proposals, two other bids?

MR. WILLIAMS: Yes. We had two other bids.

SECRETARY MCDONALD: But only one was acceptable, that's what the item is marked. Only one acceptable, they could not have accepted --

COMPTROLLER FRANCHOT: So there's only a single acceptable bid?

MR. WILLIAMS: Correct, sir.

COMPTROLLER FRANCHOT: Well that's almost the same thing, I guess. You didn't open up the other bids, or did you?

MR. WILLIAMS: Jamie?

COMPTROLLER FRANCHOT: How do we know that this \$77 million figure is the best deal for the taxpayers if it was the only acceptable bid?
Hi.

MS. TOMASZEWSKI: Hi.

COMPTROLLER FRANCHOT: Yeah. Funny thing. Same old issue.

MS. TOMASZEWSKI: Yes.

COMPTROLLER FRANCHOT: Yeah.

MS. TOMASZEWSKI: Now we're back to the other side of the coin.

COMPTROLLER FRANCHOT: Right.

MS. TOMASZEWSKI: With this scenario the actual proposal price was \$2.7 million. That is the price for the administrative fees that Element will be charging us for the vehicles to provide the services. So the other \$75 million basically, that is, yeah, 75-point-something, is the actual --

GOVERNOR HOGAN: \$77.5 million.

MS. TOMASZEWSKI: -- is the actual payment for the maintenance. So that is an estimated fee based on our previous usage of the contract based on maintenance repairs or towing for vehicles that break down across the State to get them towed, as well as making sure our State employees

are safely taken to a location, not left stranded on the road. So there's the emergency --

COMPTROLLER FRANCHOT: Okay. So the \$2.7 million is going to the company?

MS. TOMASZEWSKI: That is the company's --

COMPTROLLER FRANCHOT: And one of the other companies was disqualified because it was a day late in submitting a bid?

MS. TOMASZEWSKI: Yes. Unfortunately with procurement law they could have been a minute late and their bid would not be accepted.

COMPTROLLER FRANCHOT: Okay.

MS. TOMASZEWSKI: And then we had another proposal that was evaluated and was found to be not reasonably susceptible.

COMPTROLLER FRANCHOT: Okay. So that's the explanation for the single acceptable bid?

MS. TOMASZEWSKI: Correct.

TREASURER KOPP: So two were opened, you're saying?

MS. TOMASZEWSKI: We received a total of three proposals --

TREASURER KOPP: Got it.

MS. TOMASZEWSKI: -- one was late, one was found not reasonably susceptible, and so we did not --

SECRETARY MCDONALD: -- did not open --

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TREASURER KOPP: So it must have been opened to be found --

MS. TOMASZEWSKI: The financial was not opened on the one
not found --

TREASURER KOPP: The financial was not opened?

MS. TOMASZEWSKI: Correct. We reviewed their technical and
they were found not reasonably susceptible --

TREASURER KOPP: So it was opened but you didn't complete --

MS. TOMASZEWSKI: Correct.

SECRETARY MCDONALD: They didn't open for --

MS. TOMASZEWSKI: Yes. Yes. We went through the
evaluation process --

TREASURER KOPP: Yes.

MS. TOMASZEWSKI: -- with them.

TREASURER KOPP: Okay.

MS. TOMASZEWSKI: The evaluation team looked --

TREASURER KOPP: Thank you.

MS. TOMASZEWSKI: -- at their proposals and they were
deemed not reasonably susceptible. So when it got down to the financial portion -

-

TREASURER KOPP: Got it.

MS. TOMASZEWSKI: -- we only had one financial to review. And again, we pulled that market research because we were making sure that we're getting the best value for the State. And the incumbent has maintained their prices. So they did not increase their prices at all compared to the previous contract. So we have the same rate for the next five years, so a ten-year total price flat.

COMPTROLLER FRANCHOT: Okay. I'm going to vote for the item despite the sole acceptable bid. I had one other item, Governor, if I could while I've got the floor. It's an item on DBM's Agenda, Item 22?

MR. BRINKLEY: Twenty-two, Linda Lamone, the State Administrator of the Board of Elections.

SECRETARY MCDONALD: Actually I don't think Ms. Lamone is here. Is Nikki Charleson here?

COMPTROLLER FRANCHOT: Can somebody update on what the situation is --

MR. BRINKLEY: I also have Jeffrey Darsie is the Associate Attorney General.

SECRETARY MCDONALD: Here's Nikki and the Board of Elections. Please come on ahead and come up to the podium. The Comptroller has a question about Item 22, the settlement. If you could just introduce yourself for the record and --

MR. MCMANUS: Good morning. David McManus, Chair of the State Board of Elections.

GOVERNOR HOGAN: Good morning.

COMPTROLLER FRANCHOT: Yes. I have no problem with the, obviously the settlement with the National Federation for the Blind. They sued the State and got access to the system. My question is that the, I understand the system was funded by the federal, the Pentagon, the Department of Defense in order to allow our veterans overseas, members of the military, to give them an online platform in order for them to cast their votes. So we took money from the Defense Department, set up a platform for veterans, for members of the military to vote, and it also included disabled, I guess, the disabled individuals, you know, caught wind of all this and they sued saying they want access. But the solution for the State now is to settle with the Federation for the Blind and continue to deny the platform to overseas military, members of the military. Is that the case?

MR. MCMANUS: No. No. We did get a grant --

COMPTROLLER FRANCHOT: Oh good. Thank you. Correct me, please.

MR. MCMANUS: We did get a grant from the Defense Department to help fund the research that developed this system. But no military or overseas voter is being deprived of anything at this moment. They can get a ballot delivered to them electronically. It has to be marked in some fashion then

put it in an envelope, mailed to, back to us. The only thing that the, that we haven't certified yet because of security concerns is the tool which only affects how they mark their ballot. They can either write it by hand or with the tool they can mark it on the screen, but everything else is the same. So no military or overseas voter is being deprived of the opportunity or the ability to vote. And as soon as that tool is safe enough, if it becomes safe enough, and it's still being tested, we will certify it. Tests are still being run to this day. We have a meeting next week to consider again whether it is secure enough to make available to everybody. So we are following a process and when the process is complete and when it has been deemed safe by four of the five members, it will be certified.

COMPTROLLER FRANCHOT: Okay. But it's secure enough for our individuals, our special constituencies I take it, blind I take it, and others that have won this judicial mandate to use it? It's secure enough for them?

MR. MCMANUS: Well we didn't think so. But we were under court order to provide it to them even though it hadn't been certified as safe yet.

COMPTROLLER FRANCHOT: So who is, help me understand again who is we?

MR. MCMANUS: We is the State Board of Elections.

COMPTROLLER FRANCHOT: Is that the --

MR. MCMANUS: We operate by super majority vote, as you know, four out of five. The last time it came up for a vote in 2014, the first time we took a straw poll there were three votes against it.

COMPTROLLER FRANCHOT: Okay.

MR. MCMANUS: Then when we took a later vote those other two members were no longer either present for the meeting or on the Board, so I was the only vote against the second time it came around for a vote. And we now have new members on the Board and we are reconsidering it. It has been, excuse me, tested again. It has been tried out in two successive elections, so we have more of a track record now. We have better consultants now who are evaluating it and giving us their best advice as to whether it's secure. And as soon as they have given us their best advice and we have had a chance to air all the issues we will vote on it again next Wednesday.

COMPTROLLER FRANCHOT: You're going to vote on it again next Wednesday?

MR. MCMANUS: Yes, sir.

COMPTROLLER FRANCHOT: How do you think that vote is going to go?

MR. MCMANUS: I can't speak for everybody else. I'm keeping an open mind. I hope to hear everything and vote the way the statute requires us to.

COMPTROLLER FRANCHOT: Well I don't know what the pleasure of the other members are but I think it's important that we provide this technology. Obviously we want it to be secure but, you know, this is, it just seems ridiculous to me that we allow certain people to use the system but other people, who it was, I take it the funding came from the Defense Department, not for the wonderful needs of our individuals who are blind around the State but this was done for the military. So they could vote and use it. And I guess if I had some confidence that this was going to be approved next Wednesday and that the members of the military would have access to it, I'd be all in favor of this item albeit the item is a little bit off topic because it isn't dealing with the military. But I'm happy to hear from other members of the Board if --

GOVERNOR HOGAN: But the judge in this case, who ruled against the State Board of Elections, said if we don't approve these attorneys fees today that he will much, is very likely to set much higher fees than the \$251,000.

MR. MCMANUS: That's my understanding. This is a settlement --

GOVERNOR HOGAN: It doesn't really have anything to do with the issue that I kind of agree with you we ought to take a close look at. But I don't want to hold up this --

COMPTROLLER FRANCHOT: Okay. I will defer to the Governor on this.

TREASURER KOPP: Governor, if --

COMPTROLLER FRANCHOT: If, unless the --

TREASURER KOPP: No, Governor --

COMPTROLLER FRANCHOT: -- Treasurer has a strong feeling

--

TREASURER KOPP: No, I want to say I agree completely with the Governor. What's on item is the settlement. The other question is a very significant and important question but I think we should get this out of the way.

Let me just put two cents worth?

MR. MCMANUS: Sure.

TREASURER KOPP: When you're talking about the military or anyone else, whether they touch the screen and then print it out, or print it out and then fill it out, I think we have to be concerned not only about the security of the system but the security of that individual's vote. And the question is when you vote by touching it who has access to that information, where it rests within the computer system which the individual is using? And I would hate to have the military commanders be able to come in and look at every guy's vote.

MR. MCMANUS: That's a very important consideration. We're studying that carefully. It would be a shame --

TREASURER KOPP: Thank you.

MR. MCMANUS: -- if military and overseas voters did not have a secure system and something happened. And that's what we're trying to prevent.

TREASURER KOPP: As well as the security of our system, which we read about everyday in the newspaper, people hacking in.

MR. MCMANUS: Right. And the FBI --

TREASURER KOPP: But that's not --

MR. MCMANUS: -- sent out an alert just a week or two ago about these very issues, statewide, or nationwide. But you're right. These issues are separate. The settlement is separate --

COMPTROLLER FRANCHOT: Yeah --

MR. MCMANUS: -- from the other issue. And you raise legitimate concerns.

COMPTROLLER FRANCHOT: -- but actually the Treasurer has changed my mind. I'm going to vote against this because you know what? I don't really get a good feeling from this at all. I get a feeling that people are going to drag their feet over there. That you're going to raise, everyone has concerns about security. Goodness sakes, I have concerns about security of the data that my agency looks at. But to, it is absolutely ridiculous for us to be sitting here approving a settlement for a judicial mandate that puts this technology into play and puts it out there and deny it to our overseas and other military members because of some perceived what if happened. Either it's secure for -- this was

funded by the military. This was for the military. They want it. And we end up putting our hand up here saying, gee whiz, let us, we're going to wring our hands because the commanders might look at the enlisted men's votes. I mean, what kind of nonsense is that? Nonsense.

TREASURER KOPP: It isn't nonsense at all.

COMPTROLLER FRANCHOT: It is nonsense. So you know --

MR. MCMANUS: Well I can assure you we are not dragging our feet. We would have voted on it two weeks ago but there was still testing being done on the system that was just recently completed that we didn't have access to. We will next week. And we'll have all the information and I assure you we will look at it very carefully, weigh all the considerations, and make a judgment. We are not dragging our feet.

GOVERNOR HOGAN: Thank you very much, Chairman.

MR. MCMANUS: Thank you.

GOVERNOR HOGAN: I guess we'll pull that one out for a separate vote.

SECRETARY MCDONALD: Twenty-two.

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: And I'll make a motion, I think it's been seconded by the Treasurer, and the vote is probably two to one.

SECRETARY MCDONALD: On 22, thank you.

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TREASURER KOPP: On 22.

COMPTROLLER FRANCHOT: Yeah, and --

GOVERNOR HOGAN: Other questions on the DBM Agenda? Is there a motion on the rest of the Agenda?

TREASURER KOPP: Mr. Chairman, assuming we're voting favorable on all the Agenda, I would like to pull out Item 3. I think the argument for letting it go through to the Board of Contract Appeals -- it's ironic because I'm one of those who rails against incumbents keeping contracts through this device. But on the -- and wants competition. I think it's great that we got competition. I hope the competition continues. But if the criterion is substantial State interest, I don't see that this meets that criterion --

GOVERNOR HOGAN: Okay, so there's a motion to pull out Item 3.

COMPTROLLER FRANCHOT: Right. I would support the Treasurer if she accepts a friendly amendment, which is to put a two-month expedited request on this to the Contract Appeals Board to get back to us with their judgment.

TREASURER KOPP: I have no problem with the request. I don't know how likely it is that the Board of Contract Appeals can do it in two months. But that would be --

COMPTROLLER FRANCHOT: Well that would be the, that would be the request or the part of the amendment.

TREASURER KOPP: I don't know what happens.

COMPTROLLER FRANCHOT: In other words if two months from now --

SECRETARY MCDONALD: Right --

COMPTROLLER FRANCHOT: -- this comes back to us if all of a sudden it's turning into one of these Charles Dickens litigation situations over there.

SECRETARY MCDONALD: Well then actually I wanted to clarify the motion. I didn't know if Madam Treasurer if your motion was to disapprove or your motion was to defer. Perhaps your motion is to defer --

TREASURER KOPP: Until --

SECRETARY MCDONALD: -- for a period of time? And perhaps the Comptroller would say defer for --

GOVERNOR HOGAN: Sixty days.

COMPTROLLER FRANCHOT: Right.

SECRETARY MCDONALD: -- two months? Sixty days?

COMPTROLLER FRANCHOT: Sixty days.

TREASURER KOPP: Well how does that leave the contract in terms of --

SECRETARY MCDONALD: Well I'm going to let the Budget Department answer the questions about the contract.

TREASURER KOPP: Were you requesting an extension of the contract anyhow? Someone had mentioned that.

MS. TOMASZEWSKI: We were, we were asking Concentra to extend the contract to allow for the transition period.

TREASURER KOPP: You were anyhow. So this would just make it go on a little longer?

MS. TOMASZEWSKI: Right. We would, we would do an extension until December 1st and come back with a recommendation for a December 1st start date --

TREASURER KOPP: That's what you wanted to do anyhow.

MS. TOMASZEWSKI: -- with WorkPro.

COMPTROLLER FRANCHOT: Thank you. So the motion is to defer this until December 1st, and we can --

MS. TOMASZEWSKI: Well we'll come back to the, we'll come back to the November meeting for --

COMPTROLLER FRANCHOT: With --

SECRETARY MCDONALD: The, I think actually we ought to clarify December 7th because otherwise it's November 16th and there's actually a lot there.

TREASURER KOPP: Ah, December 7th.

SECRETARY MCDONALD: Yes, a special day.

MS. TOMASZEWSKI: December 7th Board?

SECRETARY MCDONALD: A day that will live in infamously for some people and just not for me, yes.

TREASURER KOPP: Infamy --

MS. TOMASZEWSKI: Okay.

SECRETARY MCDONALD: But November 16th and December 7th are the two Board meetings. So I would assume, I think that December 7th is really more realistic with the deadlines and all, that you would come back to the December 7th meeting.

MS. TOMASZEWSKI: Okay. So we'll come back to the December 7th Board.

SECRETARY MCDONALD: With a --

GOVERNOR HOGAN: So there's been a motion, it's been seconded. We're going to take a vote. I'm going to vote no on the motion. I mean, we're, we're constantly focused on fiscal responsibility, about trying to save the taxpayers money. We rail against single bid contracts and incumbent protection plans. And we've got two bids that came in at \$6 million less. So I'm going to vote no. The motion carries, two to one.

SECRETARY MCDONALD: Thank you. Okay. And now the balance?

GOVERNOR HOGAN: Now we're going to vote on the balance of the DBM Agenda.

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing on the balance of the DBM Agenda.

SECRETARY MCDONALD: Thank you.

GOVERNOR HOGAN: And now we'll move on to the University System Agenda.

SECRETARY MCDONALD: Mr. Evans is here. Can we ask DBM people to exit quietly, please?

MR. EVANS: Good morning. Joe Evans representing the University System of Maryland. We have three items on the Agenda.

SECRETARY MCDONALD: Would the audience exit quietly?

GOVERNOR HOGAN: Everybody, please wait till you get outside to talk. We are still conducting a hearing here. Thank you. Sorry. Go ahead.

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

GOVERNOR HOGAN: So any questions on the University System?

TREASURER KOPP: No.

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing on the University System.

MR. EVANS: Thank you.

GOVERNOR HOGAN: We'll move on to Information Technology.

MR. GARCIA: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm David Garcia with the Department of Information Technology and today we have one item on the Agenda. And we have an agency representative to answer any questions you may have.

TREASURER KOPP: -- all those people.

GOVERNOR HOGAN: Wow. Any questions on Information Technology?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

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GOVERNOR HOGAN: Three-nothing on Information Technology. We're going to move on to the Department of Transportation Agenda.

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 29 items today. Items 12-M and 25-GM are being withdrawn at this time.

GOVERNOR HOGAN: Thank you, Secretary Rahn. I don't mean to pick on you today but I'm going to anyway.

TREASURER KOPP: He's a big guy.

GOVERNOR HOGAN: Between that earlier DBM item and your own items, you've got yourself quite an Agenda this morning. There's one item on here with 97 contract modifications, and two other items requesting retroactive approvals. And I'd like to start with maybe Item 5 and those 97 contract modifications totaling \$216 million. This to me seems like an extraordinary request.

MR. RAHN: Yes, Governor. The history of this is that this is a practice the department has used I'm told this is the eighth time. And what drives these are extraordinary construction programs. And this is the extension of contracts for A&E firms to provide services to the department on our construction program. What I can also say is that this is the last one of these you will ever see.

And the reason in that is is that the feds have now said they will not approve any contracts over five years period. So this is what we are doing in advance of the implementation of that federal rule and we need these contracts in order to proceed with both design of projects as well as the construction inspection of these projects. And so these are vital to our ongoing work.

GOVERNOR HOGAN: Can you explain, you know, why we are being asked to make so many modifications at the same time? And why the process works this way, where you have 97?

MR. RAHN: Mm-hmm. The reason is, the reason you're seeing so many of these now is that we are, the deadline of the federal rule is causing us to take these actions now.

GOVERNOR HOGAN: All right, you've got to get the actions done. I see. Okay. Thank you.

MR. RAHN: But you will not see those again. We will have five-year contracts and they will expire and we will procure new contracts.

GOVERNOR HOGAN: Great. Yes?

TREASURER KOPP: Is this just for these types of contracts? I mean, it's not a general rule, all contracts?

MR. RAHN: Correct. It's A&E contracts.

TREASURER KOPP: Okay.

GOVERNOR HOGAN: So well thank you. How about the retroactive modifications on Items 16 and 26?

MR. RAHN: Okay.

GOVERNOR HOGAN: According to our background materials there seems to have been lax oversight on these contracts and I want to hear from you about what you're doing to fix this problem and prevent these errors from occurring in the future?

MR. RAHN: So I had mentioned to you we had three retroactive contracts today. One was stupidity, and another was the issue of slow paperwork. This is the issue of stupidity in which the procurement was based on tires for buses and the procurement procured one tire per bus rather than six tires per bus. And so that is why we --

GOVERNOR HOGAN: Come on.

(Laughter.)

MR. RAHN: It's stupidity.

GOVERNOR HOGAN: Does that person still work for the department?

MR. RAHN: I think, I don't, I don't know. I don't know. But it is. This is, it's stupid. I agree. So I guess it was a surprise to learn that buses needed more than one tire.

GOVERNOR HOGAN: Well.

MR. RAHN: And the other one is the -- which number was the other retroactive? I'm sorry?

GOVERNOR HOGAN: Twenty-six.

MR. RAHN: Twenty-six, so this is the, this was the contract dealing with snow removal for Jonas. The work was absolutely needed.

GOVERNOR HOGAN: Yeah.

MR. RAHN: The performance of Jonas was very good. This is one where why in the world we've taken this long to submit the request --

GOVERNOR HOGAN: That's what I was thinking.

MR. RAHN: It's --

GOVERNOR HOGAN: Your response to Jonas was incredible and we got the snow moved faster than our neighbors. You did a great job. But I'm just wondering why we're dealing with this now.

MR. RAHN: We shouldn't be.

GOVERNOR HOGAN: Yeah.

MR. RAHN: This should have been dealt with months ago.

GOVERNOR HOGAN: Okay.

MR. RAHN: But we are, as I said, we are essentially combing through our procurements and our contracts to try to come up with a system of not just control but providing information that we can act upon. And I feel very good about the leadership that Mike Zimmerman is providing to us as our overall

Procurement Officer, the changes that the business units are making with their procurement. But I obviously with a, you know, what, annual \$5 billion operation I can't promise that these things will never happen again. But I can promise you we are doing everything we can to control these and prevent them. But as I had mentioned earlier, we know there are three more retroactive contracts that will be coming to the Board.

GOVERNOR HOGAN: And then we'll be done after that?

MR. RAHN: I sure hope so.

GOVERNOR HOGAN: Me too.

COMPTROLLER FRANCHOT: Just -- yeah, go ahead.

TREASURER KOPP: We went over quickly in the beginning two contracts, I think it's three and four, dealing with Purple Line?

MR. RAHN: Yes.

TREASURER KOPP: My question of you, how is the current court situation with this judge impacting, if at all, our actions on the Purple Line?

MR. RAHN: Madam Treasurer, I have to be careful what I say because of the litigation. But what I can say is that the judge's actions were orders for USDOT and FTA, not the State. The opinions of the U.S. Department of Justice are that the judge's ruling is questionable and that there is a request, in fact we participated along with USDOT and the Department of Justice with a request for reconsideration of the judge. So we are proceeding with those things

that are necessary for the project to continue forward on time without incurring the claims that will occur for delays. So we feel good about the long term, the long term status of the federal order and so we believe we're doing what will keep the project going without incurring too many expenses that we could not in essence reverse and recover a substantial part of.

TREASURER KOPP: Okay. So these are all being done with an eye towards that situation?

MR. RAHN: Yes, ma'am.

TREASURER KOPP: (Indiscernible).

GOVERNOR HOGAN: Great. Thank you.

MR. RAHN: I'm sorry for being vague but that's --

TREASURER KOPP: No, I appreciate it. Thank you.

GOVERNOR HOGAN: Any other questions on Department of Transportation Agenda?

COMPTROLLER FRANCHOT: I'd just like to thank the Secretary for meeting with the folks on the railroad down in Cambridge, where the Interstate Corporation employs a lot of people. And it's another one of these issues, Governor, where your administration inherits a mess. This mess goes back a long time. But the maintenance that's been neglected on that railroad is putting in jeopardy 100-plus jobs. And I know that you're meeting and thinking about this and looking at it. And I just applaud you for that. It's a, it's a problem that

needs to be fixed. And I happen to think the company will be here for decades if we can figure out how to make the railbed satisfactory. But I'll defer to your expertise on it. I know it's not cheap.

MR. RAHN: Mr. Comptroller, that's right. That is a very difficult situation and I know between both Commerce and DOT we're looking at what are solutions that can provide alternative transportation options. We are funding a request from Dorchester County for additional roadwork for trucking. The problem, as you obviously are aware based on your question, is that we have an expense to repair the line to get it back to operation would be somewhere in the range, our estimates are \$13 million. And \$13 million for a single, for a single shipper, is really very difficult. So we are looking at what are alternatives that are still doable and acceptable to Interstate. So this, but this one is not easy. That --

COMPTROLLER FRANCHOT: But you might go and look at the estimated cost with a little sharper pencil and see if we can't, isn't really in the range of \$2 million or \$3 million or \$4 million, frankly, given the situation down there. I've heard that figure but I've also heard a much lower figure.

MR. RAHN: Mm-hmm.

COMPTROLLER FRANCHOT: But it's important and you know it. And thank you for meeting and any resolution you can come to. I only bring it up because it's an example, Governor Hogan, of why I appreciate the leadership that you show on this Board. I was bored to death as you were talking recently

about these contracts. I couldn't follow half of them and all they were were millions of dollars that someone had lost somewhere or overlooked. But that's what the State has been missing for a long time. And I, I appreciate it. And when I go out and talk to citizens, they appreciate it, that somebody is actually watching how the money is being spent and when there's a mess that's being cleaned up people aren't bashful about it, they step up to the plate and they fix it. So hats off. And I'll see you 60 days from now on that other contract that we had a little disagreement on. But hopefully that can be resolved.

But we have plenty of money in this State to take care of our needs. It's not lack of money. It's lack of oversight. It's lack of administration. It's lack of management on how the money is spent and whether anybody is paying attention to whether it's getting a good result. So don't ever, you know, feel that you can't come forward with something. Because there's a lot of this in the budget that has just been overlooked. And Governor Hogan, thank you for boring me. I like it. That's good. Bring on more boredom.

GOVERNOR HOGAN: I usually don't get that kind of a compliment. Thank you.

COMPTROLLER FRANCHOT: But --

TREASURER KOPP: Governor --

COMPTROLLER FRANCHOT: -- it's good stuff.

GOVERNOR HOGAN: Another question on Transportation?

Thank you, Mr. Comptroller.

TREASURER KOPP: No.

GOVERNOR HOGAN: No? Is there a motion on Transportation?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Favorable.

GOVERNOR HOGAN: There you go. Three-nothing. Last but not least we're going to move on to the DGS Agenda.

MR. CHURCHILL: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary of General Services. The department has 43 items on our Agenda. We are withdrawing Item 1 and we're glad to answer any questions.

GOVERNOR HOGAN: Any questions on DGS?

TREASURER KOPP: Not a question, Governor. But I would be remiss if I didn't notice Item 25 and the former Deputy Treasurer Colonel Freedlander sitting there, hiding behind the rostrum.

GOVERNOR HOGAN: I didn't see him back there hiding.

TREASURER KOPP: Yes, who I assume is here for that fine project, the Chesapeake Bay Maritime Museum. A great plan. May --

GOVERNOR HOGAN: Absolutely.

COLONEL FREEDLANDER: Thank you, Madam Treasurer.

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TREASURER KOPP: Colonel, it's nice to see you again.

COLONEL FREEDLANDER: Comptroller Franchot, Governor Hogan, I know you just paid a visit to the Maritime Museum --

GOVERNOR HOGAN: That's correct.

COLONEL FREEDLANDER: -- on a very cool and windy day.

GOVERNOR HOGAN: I enjoyed it very much.

COLONEL FREEDLANDER: Yeah, and thank you all for your support.

TREASURER KOPP: Great project.

SECRETARY MCDONALD: Don't you want to introduce yourself for the record, Colonel?

COLONEL FREEDLANDER: Oh, I'm sorry. I'm sorry.

SECRETARY MCDONALD: Please.

COLONEL FREEDLANDER: My name is Howard Freedlander -

-

SECRETARY MCDONALD: Thank you.

COLONEL FREEDLANDER: -- and I formerly served under Treasurer Kopp as the Deputy Treasurer. Thank you very much.

SECRETARY MCDONALD: Thank you.

GOVERNOR HOGAN: Thank you very much. Is there, are there any questions on DGS? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing on DGS. Thank you,
everybody. We are adjourned.

SECRETARY MCDONALD: Thank you.

(Whereupon, at 11:34 a.m., the meeting was concluded.)