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

**February 8, 2017**  
**10:09 a.m.**

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# **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

**ALBERT BULLOCK**

Assistant Secretary, Department of Information Technology

**HERBERT JORDAN, III**

Special Secretary, Governor's Office of Minority Affairs

**MISSY HODGES**

Recording Secretary, Board of Public Works

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# CONTENTS

<b>Subject</b>	<b>Agenda</b>	<b>Witness</b>	<b>Page</b>
<b>Approval of Appointment of Robert Gorrell as Executive Director of the Interagency Committee on School Construction</b>	SEC 14, p. 17	Sheila McDonald Dr. Karen Salmon Robert Gorrell	10
<b>DNR Agenda</b>	DNR	Mark Belton	15
<b>Community Sex Offender Treatment Services for Youth in the Metro Region of Maryland</b>	DBM 6-S, p. 48	David Brinkley Sam Abed	16
<b>Maryland Point-of-Sale Electronic Claims Management System</b>	DBM 18-S- OPT, p. 79	David Brinkley Dennis Schrader	18
<b>Employment and Income Verification for the Child Care Subsidy Program</b>	DBM 11-S, p. 61	David Brinkley Kristy Michel	21
<b>Out-of-State Residential Child Care Services</b>	DBM 9-S, p. 55	David Brinkley Greg James	29
<b>Modification of Food Services Contract at UMBC</b>	USM 1-S-MOD, p. 88	Joe Evans Terry Cook Gabe Gnall	35
<b>Acquisition of Property from Maryland Hawk Corporation</b>	USM 3-RP, p. 92	Joe Evans Dr. Juliette Bell	43

---

<b>Voting System Solution</b>	DoIT 5-IT-OPT, p. 108	Albert Bullock Linda Lamone	47
<b>Construction Contract for Concourse E Extension at BWI Marshall Airport</b>	DOT 5-C. p. 128	Pete Rahn Ricky Smith	52
<b>Modification of Landlord Lease for National Sailing Hall of Fame</b>	DGS 22-LL- MOD, p. 205	Ellington Churchill Wendy Scott-Napier Richard D'Amato	57

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# PROCEEDINGS

GOVERNOR HOGAN: Good morning.

ALL: Good morning.

GOVERNOR HOGAN: Welcome everyone. Thank you for being here. It looks like we've got a full house. It didn't seem like our Agenda was that busy so I'm not sure what everybody is here for, but thank you for joining us. I'm going to turn the floor over to my colleagues for any opening remarks. First of all I'm going to start with Madam Treasurer?

TREASURER KOPP: Good morning. I'm struggling through a spring cold, I think. I was going to welcome everybody to this lovely summer day. It's amazing. So I will keep my remarks short and simply point out we do have later on on the calendar, Governor, a bond issue for the spring that I hope in these very choppy times will continue to do well by the people. It incorporates both tax-exempt and non-tax-exempt initial offerings and potentially a refunding depending on the market. But we'll get to it in a little while.

GOVERNOR HOGAN: Sounds great. Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes, thank you very much, Governor and Madam Treasurer. We're in, just started the tax season and we're processing what will eventually be three million tax returns that our taxpayers are submitting to us. It's a technologically sophisticated way because we don't really do paper returns that much anymore. It's mostly electronic file. So not that

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anybody cares about me, but I lie awake at night because if it doesn't work I could very quickly be your former Comptroller. But I'm pleased to announce that we have completed the first 400,000 returns that have been submitted very smoothly, and about 150,000 refunds have been sent out very smoothly. And this is kind of a difficult period for us, where if something was really off we would know about it. And I'm delighted that it's moving along smoothly. And we're waiting for the IRS to begin their processing. They have delayed it for some time because of their concern about tax fraud. We have already headed off 500 fraudulent tax returns and withheld \$725,000 from the Treasury that in a less vigilant program would have been given to fraudulent thieves that are using our tax rolls as a kind of way to get free money.

So I will appear next week before the House Judiciary Committee, the Senate Budget and Taxation Committee to testify in support of the Taxpayer Protection Act. I am very grateful to Governor Hogan for introducing my agency's legislation as part of his administration's legislative package. This helps me a lot. The bill, well it passed the House of Delegates unanimously last year. It's a common sense, non-partisan legislation that strengthens my agency's ability to go after fraudsters and financial criminals who prey on innocent and hardworking Marylanders. Nobody opposes it but it died on the last day of Session. No one seems to be able to explain to me why. But just two weeks ago Attorney General Frosh and I announced indictments against four tax preparers

who knowingly submitted falsified returns to defraud our State and their clients. And we are talking \$80,000 to \$100,000 each. So those are just mom and pop thieves.

So I'm very proud of my agency's national leadership on this issue. We do need more statutory tools to more efficiently fight and prevent these increasingly sophisticated tax fraud schemes from hurting Marylanders' financial security. And with hackers and financial criminals growing more brazen by the day I strongly urge my former colleagues in the Legislature to support the Taxpayer Protection Act. And I thank again the Governor for putting it in his package. Because I think that will, once everybody takes a look at it they will understand that if we don't begin to bring some of these people to justice, there are just going to be more and more that we have to deal with. And I'm grateful, obviously, that hopefully we'll get this passed. And so I didn't mean to go on about taxes. I lose votes every time I talk about it probably. But I'm appreciative of the citizens of the State of Maryland who do the right thing and pay their taxes on time and try to do what's good for the State. It's an amazing civics lesson to watch these tax returns come in. Governor, thank you.

GOVERNOR HOGAN: Well thank you, Mr. Comptroller, for your leadership on this issue. I'm very happy to support this enthusiastically, the Taxpayer Protection Act. Which, as you said, passed unanimously out of the House, got the support of the Comptroller and the Governor, and everybody in the

House. So we're going to have to talk to some of our friends in the Senate and makes sure it gets done.

COMPTROLLER FRANCHOT: There was one person who voted against it in the House, but he then got up and said that he had made a mistake. So I say it's unanimous. But it was 140 to one. So --

(Laughter.)

COMPTROLLER FRANCHOT: -- anyway, hopefully it will pass this year.

GOVERNOR HOGAN: That's sort of like when we repealed the rain tax mandate it was passed unanimously in the Senate, and unanimously in the House, except one Republican who got drunk and voted the wrong way by accident.

(Laughter.)

GOVERNOR HOGAN: He voted against it the first time, and then for it the second time.

COMPTROLLER FRANCHOT: Yeah. Been there, done that.

GOVERNOR HOGAN: Anyway, we're going to move on with the Secretary's Agenda. Madam Secretary, good morning, Secretary McDonald.

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. If you will permit me one moment, I just wanted to remember somebody today who retired from the State ten years ago and who died



since our last meeting. And that's Bob Harrison. And I want to remember him because real quickly he graduated from Gilman in 1958. He went to Hopkins, where he played lacrosse and graduated in 1964. He graduated in '67 from the University of Maryland Law School. He joined the Army and went to Vietnam, where he served for two years in the late sixties. Luckily for the State in 1975 he was named Assistant Attorney General, going to work for the Department of Transportation. After that he became the counsel to the Motor Vehicle Administration. He became the counsel to the Maryland Port Administration. And later he became counsel to the whole State Department of Transportation. In 1985 Governor Hughes named him the Chairman of the Maryland State Board of Contract Appeals where he was the Chairman of the Maryland State Board of Contract Appeals for 21 years until he retired in 2006. And apparently at age 76 he did die of cancer last week. So I just wanted to take a minute to remember Chairman Harrison. So thank you.

Okay. So this morning we have 14 items on the Secretary's Agenda. We are withdrawing Item 3. We have eight reports of emergency procurements.

GOVERNOR HOGAN: I'd like to talk about Item 14, please.

SECRETARY MCDONALD: Item 14, we have I think Dr. Salmon here with a good news item.

GOVERNOR HOGAN: Yes.

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SECRETARY MCDONALD: Come up, please.

GOVERNOR HOGAN: So this item requests the Board of Public Works approval of the Interagency Committee on School Construction on their recommendation of Robert Gorrell as the Executive Director of the Interagency Committee on School Construction. He joins us from the State of New Mexico. This is the second guy we got from New Mexico. He served as the chief of that state's school construction program since 2003, and I understand he was a neighbor of Secretary Rahn's who was the Secretary of Transportation down there. But we promise not to hold that against him in any way. And now, Dr. Salmon, our Superintendent of Schools, is going to I think introduce him formally and give us some comments. Thank you for being with us, Dr. Salmon.

DR. SALMON: And thank you, Governor. It's a pleasure to be here, Treasurer and Comptroller, and the rest of the group up here. It is with distinct pleasure that I introduce to you Robert Gorrell. Please come up. I just want to say a few words.

We had a very rigorous interview and recruitment process for the new Director of the IAC. And I will tell you that without a fault that he is the best person for the job and I'm so excited because as I relayed to the Governor through channels I think he will continue to help us make Maryland great. And I think he will do a tremendous job.

It was a unanimous decision of the entire IAC. We are privileged to have his experience as the director of public school construction in New Mexico. He is also not only an innovator, he is an inventor. And so I'm totally convinced that we will have new processes and procedures that will streamline this process of public school construction. We will use, I know he will suggest very innovative solutions to the issues we've had with air conditioning, with building schools that are more reasonable in design, and using our money to the very best of its ability. So I am extremely pleased to have him here and I don't know what else to say other than I am very happy and I am very pleased that this has been such a unanimous collaborative process, not only through the work of the IAC but through the Governor's office and all of the people that have been involved. And I don't know if it's okay for him to say a few words?

GOVERNOR HOGAN: We'd love to have him, please.  
Welcome, good morning.

MR. GORRELL: Good morning, Governor, members. Thank you for the honor of working for the State of Maryland. I am very excited about working for you and helping children, which is my passion. I have brought a lot to the table even nationally. I believe in measures and transparency so that things are clear and easy for decision makers to make those decisions based on good solid information. I appreciate the welcome and I'm ready to go to work.

GOVERNOR HOGAN: Well thank you very much. Do you have any comments you could share with us about your neighbor, Secretary Rahn?

(Laughter.)

MR. GORRELL: Offline, Governor.

(Laughter.)

MR. RAHN: Governor, could I just make one comment? And so, Bob, we need to get together so I can give you the inside scoop on steamed crabs.

MR. GORRELL: Okay. Thank you.

GOVERNOR HOGAN: You have to learn about that. Mr. Comptroller?

COMPTROLLER FRANCHOT: I want to thank Bob Gorrell for having a good conversation yesterday. And I appreciate the fact that his attention, and obviously, Dr. Salmon, your attention is focused on the kids. Because sometimes that gets not ignored but sometimes it gets put in a secondary position. And I really think that what you need to do, you mentioned the air conditioning issue, and you mentioned I think yesterday in our conversation, Bob, that you have visited the Monarch Academy?

MR. GORRELL: I have read the reports. I have not visited it, Comptroller.

COMPTROLLER FRANCHOT: Well when you get a visit, I'd love to hear your thoughts on it. Because I think what we're trying to do is focus on the kids.

MR. GORRELL: Mm-hmm. Yes.

COMPTROLLER FRANCHOT: And that's, that would be very helpful to all of us, I think, in the policy area if that is the priority for you. And we end up defending each other all the time, helping the Superintendent, helping the county executive, helping the Legislature, helping the Board of Public Works. Forget it. Focus on the kids. Please. Thank you.

MR. GORRELL: Thank you, Comptroller.

GOVERNOR HOGAN: Madam Treasurer, any comments?

TREASURER KOPP: No, just to say welcome, add my voice. It was nice meeting you. It was very good of you to come even before you were on the job. There are few things for which Maryland has spent more money or cares more than about its schools. And we want to know that the school buildings are right so that the education that goes on can go on as effectively as possible. And so bringing together the building, the capital and the operations, is the number one priority.

I am overwhelmed, Dr. Salmon, by the unanimous position of the IAC. We all are not unanimous on things all the time. And this is, this was not only unanimous but a very strong vote of thanks and confidence --

MR. GORRELL: Thank you.

TREASURER KOPP: -- for coming. And welcome.

MR. GORRELL: Thank you.

GOVERNOR HOGAN: Well I want to thank you again for being here today and for making the decision to join the team. I've got a feeling we'll take a vote in a little while that might also be unanimous to --

TREASURER KOPP: Yes, I think so.

GOVERNOR HOGAN: -- confirming the recommendation. I don't want to, you know --

COMPTROLLER FRANCHOT: Yeah. No.

GOVERNOR HOGAN: -- speak for my colleagues. But I don't think you need to sweat too much --

MR. GORRELL: Thank you, Governor.

GOVERNOR HOGAN: -- in this hearing. But, you know, fully two-thirds of our entire capital budget goes towards education. And we very much look forward to working with you on the important issues of fiscal oversight and innovation of our public school construction program so we can get more bang for our buck and get more schools built.

I know that your official start date is not until March 29th. But I know you've already been working on a contractual basis prior to that and I know

that you're going to be fully up to speed and we're very excited. So we want to welcome you to Maryland and say that we look forward to working with you.

MR. GORRELL: Thank you, Governor. Thank you all for your support.

COMPTROLLER FRANCHOT: And thank you for those stories about Secretary Rahn yesterday.

(Laughter.)

GOVERNOR HOGAN: I've got to hear that.

DR. SALMON: Thank you very much.

GOVERNOR HOGAN: Thank you. Are there any other questions on the Secretary's Agenda? Is there a motion?

COMPTROLLER FRANCHOT: I would move approval.

GOVERNOR HOGAN: Second? Three-nothing. There you go. Two unanimous decisions. Thank you.

Now we'll move on to the DNR Real Property Agenda. Good morning, Mr. Secretary.

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

GOVERNOR HOGAN: Any questions on DNR? Hearing none, is there a motion?

TREASURER KOPP: Favorable.

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Three-nothing on DNR. Up next is Secretary Brinkley with the DBM Agenda.

MR. BRINKLEY: Good morning, Governor, Mr. Comptroller, Madam Treasurer. For the record, David Brinkley, Secretary of the Department of Budget and Management. The department has submitted 19 items for today's Agenda. I have representatives here to address any concerns or questions you might have. Items 7-S, 10-S, and 19-S-MOD have been revised.

GOVERNOR HOGAN: Any questions on DBM?

COMPTROLLER FRANCHOT: Item 6-S.

MR. BRINKLEY: 6-S? Secretary Sam Abed.

GOVERNOR HOGAN: Good morning, Mr. Secretary.

MR. ABED: Thank you, Secretary Brinkley. Good morning, Governor, Mr. Comptroller, Madam Treasurer. Sam Abed, Secretary for the Department of Juvenile Services. I'm here to speak on Item 6-S, which is for sex offender treatment services in the metro region. I will note that the winning bid was significantly lower than the next lowest bid by about \$1 million. We did do a lot of background checking to this vendor. They do have a contract with the



Department of Health and Mental Hygiene and they sent us a letter and indicated that they've gotten good service and timely service from this vendor. They also have worked with one of our local district courts, who also sent a letter and indicated that the service was good and timely as well. So we do have confidence that this vendor can perform for the price that he bid.

COMPTROLLER FRANCHOT: Yeah. No. Because I was embarrassed to, on another contract years ago, support Crystal Enterprises getting a concession contract at the State prisons and I praised the procurement officer for thinking outside of the box, and the incumbent was, bid 70 percent or more higher than the winning bidder. And everybody assured me that this was a great thing, an innovative procurement. Well it turned out to be a bit of a hoax and it caused a lot of turmoil because we brought this unqualified vendor in because of a low bid and it proved to be chaotic. And so I'm very pleased to hear that you are going to pay close attention because this incumbent bid 69 percent higher than the person we're awarding the contract to and I just want to make sure we're not missing something in the, with this new vendor. And we're all for competition, we're all for saving the taxpayers money, but we also have obviously an obligation to get the job done. So any monitoring of that that you could provide would be much appreciated.

MR. ABED: Well yes, I mean, the services are monitored by our behavioral health unit, but also because they are reviewed by the court we get

very fast feedback from our judges, states attorneys, public defenders if there are issues with the services. Of course we do talk to our kids as well about the level of services that they are getting. And if there were, you know, any kind of problems, this is a contract for two counties. It is not for the whole State. We have other contracts for the same services in other counties that we could lean on if there were a problem.

COMPTROLLER FRANCHOT: Okay. Thank you.

MR. ABED: Thank you.

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: I had one other item, Governor.

I'm just looking --

GOVERNOR HOGAN: Sure.

GOVERNOR HOGAN: Item 18-S.

GOVERNOR HOGAN: 18-S.

MR. BRINKLEY: Secretary Schrader.

TREASURER KOPP: Ah, Secretary Schrader.

MR. SCHRADER: Governor, Comptroller, Treasurer, my name is Dennis Schrader. I'm the Secretary of Health and Mental Hygiene. And I'm joined by our Director of Procurement Dana Dembrow and our Director of Policy and Compliance for Medicaid Susan Harrison.

COMPTROLLER FRANCHOT: Oh, great. Glad you've got former Delegate Dembrow there.

MR. DEMBROW: Thank you, Mr. Comptroller.

COMPTROLLER FRANCHOT: Very talented individual. So we're being asked to approve the first two of four six-month options for a point of sale pharmacy system for Medicaid enrollees. And it's going to cost us about \$5.6 million, is that Item 18-S?

MR. SCHRADER: Yes, sir.

COMPTROLLER FRANCHOT: So originally we approved the initial three-year contract back in August of 2006. We approved an extension in December of 2014 for 18 months with four six-month extensions to allow for the implementation of the Medicaid Enterprise Restructuring Act. Aren't we losing ourselves a little bit here in the layering on of extension on top of extension? Are you extending it now in order to have a procurement?

MR. SCHRADER: Yes, sir. And I will acknowledge that I had the same concern when I was briefed on this. We have submitted a schedule that outlines the procurement plan. This procurement is going to take about 24 months. There's been too many extensions, so I would agree with you on that. Our plan is to be back here next year after the first two extensions and on the schedule it says we will be in the middle of the completion of the evaluation

process for the procurement and I'm going to be personally monitoring this to make sure it gets done properly.

COMPTROLLER FRANCHOT: Excellent, Mr. Secretary. And as I said, I have a lot of confidence in Delegate Dembrow. He was ten times the legislator that I was.

MR. SCHRADER: Thank you, sir.

COMPTROLLER FRANCHOT: And very, very skillful. So thank you for doing that and just keep us informed, I guess.

MR. SCHRADER: Yes, sir.

COMPTROLLER FRANCHOT: Because MERA no longer exists? Or does it?

MR. SCHRADER: That's correct, sir.

COMPTROLLER FRANCHOT: The project was cancelled?

MR. SCHRADER: That is correct.

COMPTROLLER FRANCHOT: Thank you.

MR. SCHRADER: Thank you, sir.

GOVERNOR HOGAN: Thank you, Mr. Secretary. Any other questions --

TREASURER KOPP: Chairman, yeah --

GOVERNOR HOGAN: -- on DBM?

TREASURER KOPP: -- I have a question very briefly on 11. For which I intend to vote, but is the Superintendent still here? Apparently not.

MR. BRINKLEY: Item 11?

TREASURER KOPP: Yeah.

MR. BRINKLEY: Kristy Michel, Deputy State Superintendent?

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: Good morning.

TREASURER KOPP: Good morning.

MS. MICHEL: Good morning. My name is Kristy Michel, Deputy State Superintendent for Finance and Administration --

TREASURER KOPP: Hi.

MS. MICHEL: -- at MSDE. The item we're here today requesting your approval for would provide income and employment verification for our childcare subsidy program.

TREASURER KOPP: Right. Right. And there was one acceptable proposal. And I'm sure it's a fine proposal. I've nothing against the item. But it looks to me like pretty routine servicing. And I don't understand why there weren't more bids. Can you help me?

MS. MICHEL: We did send the RFP out to a number of potential vendors. We did receive two responses. One was deemed unsuitable for award so we did end up going with the one bid that did meet our requirements.

TREASURER KOPP: Yeah, I get that. But what is there -- maybe, I don't want to take up everybody's time. But there are a lot of areas of the economy where people do checks like this. This is not an unusual function to perform. And I don't, I really don't understand why we didn't have more people.

MS. MICHEL: I don't have the answer to that question. I know we did reach out to some vendors that did not respond to the RFP and the responses we got really said that they don't perform those functions or weren't able to perform them at this time.

TREASURER KOPP: Yeah, that's what I would like to have some help later understanding --

MS. MICHEL: Sure.

TREASURER KOPP: -- how these functions differ from what seem to be very similar analogous functions that are performed in various areas in the economy, both public and private.

MS. MICHEL: Sure, we can follow up.

TREASURER KOPP: Thank you.

One other general question of the Secretary, you caught, or your staff caught, a lot of things that have happened over the past year and they seem to be all bundled up together and good. Is there, do you have a unit wide, department wide sort of lessons learned process? I know it's not all done in DBM

--

MR. BRINKLEY: Right.

TREASURER KOPP: -- but to work with the agencies so --

MR. BRINKLEY: And many of these came up as reviews from audits.

TREASURER KOPP: Right.

MR. BRINKLEY: But then also last year we implemented a new program where we were verifying some of these. Jamie, I don't know if you want to step up and touch base on it. But we just looked at everything critically. And then everything that had a retroactive capacity was put on this Agenda.

MS. TOMASZEWSKI: Yeah, we were cleaning up again. You know, human error happens.

TREASURER KOPP: Right.

MS. TOMASZEWSKI: So we do, we use the senior procurement advisory group meetings to go over all the things that we find to spread the wealth of knowledge to all the agencies.

TREASURER KOPP: I mean, including like agencies who say they didn't realize they were supposed to do whatever it is they were supposed to do?

MS. TOMASZEWSKI: Exactly. So when, yeah, when these things come up we do have our training sessions through those quarterly meetings and we --

TREASURER KOPP: And then to remember that we have a tough time retaining people. So this has to be done, I assume, relatively frequently.

MS. TOMASZEWSKI: Yes. Yes. And that's why we like having those meetings because we're able to constantly update the procurement officers as things happen and very timely. And we do, there are several topics that come up at every meeting, or every other meeting, just to make sure everybody is aware of what the cutoff prices are for going to the Board versus not to the Board, and things like that. And that --

TREASURER KOPP: I know that --

MS. TOMASZEWSKI: -- when a contract dies--

TREASURER KOPP: Yes. The Lieutenant Governor and the Legislature, and all of us, are very interested, among other things, in training and monitoring. But training of a strong cadre across the government of procurement folk. Do you suppose if we had that sort of program, I assume that it would alleviate some of this and therefore lighten the role of --

MS. TOMASZEWSKI: Hopefully, yes. Well we're very excited because based on the commission that I worked with the Lieutenant Governor on --

TREASURER KOPP: Mm-hmm.



MS. TOMASZEWSKI: -- for the modernization of procurement, we are now in the process of implementing some of those recommendations. Two of them are a training manual for procurement officers --

TREASURER KOPP: Terrific.

MS. TOMASZEWSKI: -- and the actual training program. So we're working with all the control agencies and MDOT and GOMA to start getting that manual done and we hope to have that done by the end of the year, and then we'll be implementing a training program to get a regular training process.

TREASURER KOPP: You may recall that Ms. Brogan's predecessor, Howard Freedlander --

MS. TOMASZEWSKI: Yes.

TREASURER KOPP: -- and Jerry Klasmeier worked together very hard trying to push this sort of thing, having sat here and seen just the problem of consistency of training across the board. And I think at one time past administrations, way past, were afraid to bring in proposals for training, and you remarked on this Governor, because they thought they would be cut right away. But there seems to be a consensus that we need a well trained core. And I think --

MS. TOMASZEWSKI: Yeah --

TREASURER KOPP: -- you'd find support everywhere.

MS. TOMASZEWSKI: -- it's wonderful to have the support of the Governor and Lieutenant Governor and the Board to be able to do these things.

TREASURER KOPP: And it may be a good way of retaining people, too.

MS. TOMASZEWSKI: We definitely hope that will retain good quality employees to be able to then pass on that knowledge and continue. So --

GOVERNOR HOGAN: Thank you very much.

TREASURER KOPP: Thanks.

MS. TOMASZEWSKI: -- thank you.

COMPTROLLER FRANCHOT: If I could just interject? In addition, if the Lieutenant Governor is listening in --

GOVERNOR HOGAN: He usually is.

COMPTROLLER FRANCHOT: Yeah, well, I appreciate all the hard work on the procurement reform. But we're already in the process of this. Since Governor Hogan joined the Board we have seen a 60 percent reduction in single bid contracts brought before the Board. Why is that? It's because from time to time we're able to fight through the bureaucracy and actually vote them down.

MS. TOMASZEWSKI: Yes and --

COMPTROLLER FRANCHOT: That's, that's a reform right there --

MS. TOMASZEWSKI: It is and --

COMPTROLLER FRANCHOT: -- because it kind of gets heard down in the --

MS. TOMASZEWSKI: And that has definitely been a topic at our SPAG meetings on several occasions. Single bid proposal scenarios, you need to be able to support them. And if you can't, we need to go out and do a new procurement. So we've actually had extensions on contracts because we've had the agencies go out and do a new procurement because we only got one bid or proposal.

COMPTROLLER FRANCHOT: Well I applaud the Lieutenant Governor and the Governor and the Treasurer where she can support this. Because the question that always comes up and it just frustrates me is what bad things are going to happen if we do not grant this single bid contract which is due to expire in a week?

MS. TOMASZEWSKI: Well that's the other thing we've done -- thank you, Comptroller, for bringing up all my great topics for SPAG. The timing of when you submit items to the Board. You shouldn't be sending items to the Board of Public Works a week, two weeks before it's time for them to be approved. That's why we try to make sure we're getting them on in a monthly basis so that there is a period of time for them to go out and do whatever else needs to be done. So it's been a great training process, this whole --

COMPTROLLER FRANCHOT: Great. Because I want to ask a question about 9-S, if that's still on the -- did that get withdrawn?

MR. BRINKLEY: We'll come to that. But Mr. Comptroller --

COMPTROLLER FRANCHOT: Yes?

MR. BRINKLEY: -- I'd like to point out that Jamie and her team have, number one, done an exceptional job at certainly monitoring and communicating some of this. But they are also very appreciative of the assistance and cooperation they are getting from the Board of Public Works. The fact that part of what they have been fighting for for a long, long time is being heard and is being implemented. And that's certainly attributable to the work that's taking place here.

MS. TOMASZEWSKI: It is great. I know you've got my back so

--

GOVERNOR HOGAN: Well Jamie, I want to thank you and your team for all the great work.

MS. TOMASZEWSKI: Thank you.

GOVERNOR HOGAN: Mr. Secretary, this is great that there's a focus on it. And the Comptroller is being much too generous. He has been driving the train on these issues and --

COMPTROLLER FRANCHOT: You need two votes.

(Laughter.)

MS. TOMASZEWSKI: Exactly.

GOVERNOR HOGAN: And I've been just trying to back him up.

MS. TOMASZEWSKI: Thank you very much.

MR. BRINKLEY: Did you say you had another item? Item 9?

COMPTROLLER FRANCHOT: Yes, 9-S, just --

MR. BRINKLEY: Item 9, Greg James, Deputy Secretary of the Department of Human Resources.

GOVERNOR HOGAN: Good morning.

MR. JAMES: Good morning, Governor, Mr. Comptroller, Madam Treasurer, Greg James, Deputy Secretary for Programs, Department of Human Resources. Item 9-S is a package of five contracts for out-of-state residential childcare services valued at approximately \$5.3 million. It's a base three-year term.

COMPTROLLER FRANCHOT: I have \$9 million, is that wrong, over five years?

MR. JAMES: I'm sorry?

COMPTROLLER FRANCHOT: \$9 million over five years?

MR. BRINKLEY: With two extensions.

MR. JAMES: My apologies. So that would include the two one-year extensions and options would take us to just under \$9 million --

COMPTROLLER FRANCHOT: Okay. So these are five providers of out of state residential childcare services. Who is a typical child, I guess?

MR. JAMES: So I think the first thing that's important to note is when we have a child enter our care we exhaust all in-state options before we ever begin to consider any out-of-state placement. We go through all of our providers. In some cases we make multiple attempts with our in-state providers before we make an out-of-state placement.

Typically the children that we have seen going out of state are children with severe autism or developmental disabilities in conjunction with significant behavioral issues and mental health issues that we currently do not have programs within the State of Maryland that can address, that either have an availability or have the capacity to address those children's needs at this point in time.

COMPTROLLER FRANCHOT: Yes. And it's a very difficult situation and population you're dealing with, and I can't emphasize enough. I don't have any problems with the folks in your agency. But of these five companies that we're doing this sole source contract with, two of the five, one of which is called Bancroft Neurohealth, had two employees within the last year or so charged with assaulting special needs teenagers. And that doesn't seem particularly good. And then in June of 2016 the State of Florida placed at a

second company that is on our list a permanent investigator at the Carlton Palms Education Center, another for profit company I think. I take it this is a State of Florida paid investigator, because of allegations of abuse of these special needs kids. Are you confident that you properly vetted these companies, for example have you talked to Florida about what exactly their concerns were? And are we, are we okay with -- I understand you don't have the services here in State. But out of sight, out of mind, down in Florida in some for profit facility where their employees are perhaps engaging in reprehensible behavior, I guess, is the way to describe it. What are we doing to protect our kids?

MR. JAMES: Absolutely. Well, Mr. Comptroller, the safety and welfare of our children, any child placed in the care of the State, is our highest priority. With regard, first of all let me address Bancroft Neurohealth, we currently have no youth placed with Bancroft.

COMPTROLLER FRANCHOT: No placements?

MR. JAMES: Our last placement there ended in July of 2016. We do have the contract in place because currently we only have two in-state providers that offer this type of service and we want to ensure that we have an option. But before we place any child out of state, we have a monitoring team that goes out and visits that program. We also perform quarterly monitoring visits, and the caseworkers for those children visit those children monthly to ensure their safety and well-being.

With regard to the child placed in Florida, that placement is one that we've given considerable review to because of the concerns we've had about that provider. It's my understanding that Carlton Palms actually is the name for two separate programs. They are owned by the same company, operated by the same company, but the problems that we have seen are with the program where our child is not placed, with that facility and those operations.

The placement in Florida is one that was done in conjunction with the courts from the county of origin for that child and the child's mother is in Florida. That's why we placed the child there. And it was done in conjunction with the courts. It is, we've reviewed that. We've had close consultation with the mother. The child has been showing improvements. She is very happy with this placement. She sees her child weekly. The child has off campus activities and has been showing improvement. At this point that child will be in our care for another two years before she ages out and we're working with the State of Florida for the long term plan for that child once she ages out. But I believe it was felt that on balance the disruption of transferring that child from that program would cause greater harm to her well being than allowing her to remain there with close monitoring.

COMPTROLLER FRANCHOT: Yeah, I have no problem with you guys. I think you handle incredibly difficult cases with a great deal of competence and professionalism. I'm just concerned about the vetting of these



out-of-state for profit facilities and making sure that perhaps we could eliminate them from our list if they in fact have had employees convicted of abusing these kids or if their sister company, as you are saying, is guilty of these things. I'm not saying that people don't get charged unfairly sometimes. But I'm, I hope that you are paying close attention to what's going on with these out of state companies.

MR. JAMES: I assure you, we absolutely are. We have recently restructured our out-of-state, the unit that monitors and makes our out-of-state placements to enhance our monitoring of those programs and ensure that they meet the highest quality standards.

COMPTROLLER FRANCHOT: Thank you.

MR. JAMES: We have had situations where we visited out-of-state programs, they did not meet our standards, and we did not make that placement. And I would note that the youth, we had a youth that was slated to go to Bancroft last fall. We subsequently were able to find an in-state placement for that child and that's where that child is today.

COMPTROLLER FRANCHOT: And you contacted Florida about the Carlton one?

MR. JAMES: Yes, sir. We are in close contact with the licensing units in every state where we have a child in a residential program.

COMPTROLLER FRANCHOT: Okay. Thank you, Governor.

MR. JAMES: Thank you.

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GOVERNOR HOGAN: Deputy Secretary James, thank you for your tremendous work. I appreciate all your efforts.

MR. JAMES: Thank you, Governor.

GOVERNOR HOGAN: Any other questions on DBM? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-oh on DBM. We're going to move to the University System Agenda. Good morning, Joe. That's clearing the house out.

TREASURER KOPP: That's interesting. Well, there were a lot of things.

GOVERNOR HOGAN: Maybe we'll just take a moment to --

MR. EVANS: I've got people that's coming in.

GOVERNOR HOGAN: Oh, you have people coming in and it's going to make some room? Okay. I didn't realize we'd be sold out today.

MR. EVANS: I'm ready. Good morning. Joe Evans, representing the University System of Maryland. We have five items on the Agenda. We're here to answer any questions.

GOVERNOR HOGAN: Any questions on the University System?  
Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 1-S, but I'm happy to defer to you, Governor, if you wanted to --

MR. EVANS: Item 1-S?

COMPTROLLER FRANCHOT: 1-S.

MR. EVANS: I have Terry Cook, who is the Senior Associate Vice President for Administrative Services from UMBC.

MS. COOK: Good morning.

GOVERNOR HOGAN: Good morning.

SECRETARY MCDONALD: Terry, introduce yourself.

COMPTROLLER FRANCHOT: Yeah.

MS. COOK: Oh, I'm Terry Cook, Senior Associate VP for Administrative Services at UMBC.

COMPTROLLER FRANCHOT: Yes. Excellent. I'm delighted you're here. And your President Freeman Hrabowski is one of my favorite people in the State. He is a charismatic, effective, results oriented leader and someone who has brought honor and prestige to the State, along with making UMBC one of the top schools in the country for, in many different sectors. But this proposal for to give Chartwells the dining services at UMBC and accept an unsolicited proposal from Chartwells, a private company, to extend that contract by an additional five years for a total amount of \$76.8 million, that's what I have in my

notes. And I've seen a lot of requests before the Board but I'm quite concerned about this one.

You know, we're making all sorts of strides and trying to get government agencies to introduce real competition into our State's procurement system. We're trying to eliminate single bids, as I mentioned earlier on a different Agenda. And that we've become too, you know, I call it an incumbent protection program. We tend to just give these contracts to the incumbents, I think partly because they do a good job and partly because it's kind of an annoyance to have to go out and get bids.

So we're going to be asked here to award what effectively will be a 15-year contract with the existing thing to the incumbent based on this unsolicited proposal. And I just think it may be the wrong message to send to the taxpayers. They hear us talk about competition and fairness and transparency and accountability and here we are approving a contract which is pretty unusual. Innovative, I guess, it's called. Really? Because you know, any agency frankly could, if they didn't want to take something out to bid I suppose could receive an unsolicited proposal from, for extensions, from their incumbents.

So I'm not saying Chartwells doesn't provide great service. I'm not saying that it's not a great deal that you're bringing, a great deal in the sense of this is a really good product and at a good price and it makes sense. I'm not disputing that at all. I'm just saying that the whole tenor of this Board has been to

try to promote both feedback from your customers, the students, but also some transparency. So maybe there is a competitor of Chartwells that will give extra money on top of what Chartwells is offering. But the key is that it be a transparent bidding process and so this looks a little bit dangerous to me if it's used as a precedent. And so I hope we could unfortunately turn this down, I think, is what I'm going to be recommending. Keeping the contract for a year, I guess it's the current contract is in place. But urging you to go out and bid it and if Chartwells wins the bid, great. I'm all for that. But if they don't, then at least we tested the marketplace.

MS. COOK: Well and --

GOVERNOR HOGAN: Yeah, I'd like to just piggyback on that --

MS. COOK: -- yes, okay.

GOVERNOR HOGAN: -- I mean, can you just explain to us why there was no bid and why you are coming asking for a five-year extension of the incumbent without taking it out to bid? That's very unusual. And it goes against everything we stand for and talk about every two weeks.

MS. COOK: I recognize that. With an unsolicited proposal, this is not something the University asked for. Chartwells came to us. And they proposed agreeing to capital investment of an additional \$4 million, which was 40 percent more than the original contract capital investment, and that no other terms and conditions of the contract would change. So our student meal plan rates

would stay at the current level and that that approach would continue with increases only via the CPI. And this contract was originally procured in 2008 at a time in the midst of the economic downturn. We did do our due diligence to look at our meal plan costs as compared to others and found that our meal plan costs were less. This contract is funded not by taxpayer money but by student fees so it would enable us to keep our student costs down while still maintaining the level of performance and satisfaction that's on campus. So we found, and then I also, we also conferred with our outside consultant, who was very surprised that Chartwells would come forward with an extension such as this and such a proposal. He said it's unprecedented. The \$4 million they are offering he believes is more than what we would get under a new procurement. And that in some respects he noted that it may be more in Chartwells' advantage that a separate new procurement be done for a ten-year or a 15-year contract where they would have more opportunity in terms of increasing costs as well as other aspects.

So from our perspective we found that it really would be beneficial to our students and that with this extension we would be able to start making these capital improvements now as opposed to under a new procurement it would be at least a year if not two years subsequent to now.

TREASURER KOPP: So I find this one very difficult myself. I believe if this were a State agency under State procurement, not University procurement protocols, it wouldn't qualify.

MS. COOK: Mm-hmm.

TREASURER KOPP: But you are operating under your protocols, which require an unsolicited proposal to show that it would benefit the University, well this certainly would benefit the University from what you've said, and the students; include sufficient detail to permit a determination that University support would be worthwhile, I think you've got that; be prepared without supervision of the University, you attest to that and I assume it's true; be independently originated and developed by the proposer, and I assume that's true; and be innovative and unique, and that's what I'm not so sure about. I don't understand, this seems very similar to what the deal was at Towson a couple of years ago that came before us.

I understand that if you accept it, the rates stay the same. If you bid it out, Chartwells will probably raise their rates. It's good for the students. It's not State money. But I don't understand how it meets the criteria of innovative and unique when it seems so similar to what's already been done within the University System.

MS. COOK: Well in terms of the Towson contract, it's a totally different model than UMBC. Towson's is a revenue generating contract. Ours is a service contract. Towson's population is 63 percent larger than UMBC at 22,284 versus ours at 13,640. So in terms of the capital investment that's being offered to us by Chartwells, given the size of our institution, we find that it is in

fact more than would be anticipated in a separate procurement and that it is unique in terms of its very unusual and as our consultant concurred it's very unusual for a contractor such as this to make this kind of offer without wanting to renegotiate other aspects of the contract. In the case of Towson it was part of the procurement process in which they had the one proposal and they were negotiating and there were a lot of other factors under consideration in addition to what the meal plan rates would be.

TREASURER KOPP: But the bottom line deal was we will give you some money and make capital improvements.

MS. COOK: Right but there's more to the Towson contract than that. And from our perspective it's unique in terms of it's very unusual for a contractor to do this and that our circumstances are very different from the Towson circumstances in which it was considered.

GOVERNOR HOGAN: Okay. Thank you very much.

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: At this time I'd like to call up the Board of Public Works Procurement Advisor Gabe Gnall, who will tell us why they are recommending denial of this proposal.

MR. GNALL: Good morning, Governor --

GOVERNOR HOGAN: Good morning.



MR. GNALL: -- Madam Treasurer, Comptroller. For the record, my name is Gabe Gnall. I am the Procurement Advisor for the Board of Public Works. As the Board members know, I have written a memo on this subject for this item questioning how this can be a unique and innovative service. We're not talking about some new technology here, some new found cure for a disease, or some, you know, technology or software that is going to provide something, a new method for the State. What we're talking about here is food services at a college. This is not a unique and innovative service. This is something that all colleges provide for their students. We're also talking about a \$4 million capital investment. Again, this is not something that is new and innovative and unique for a college. They regularly improve their facilities. They regularly add to and provide additional food services for their students.

So what we have here is an unsolicited proposal from an incumbent to essentially do, ask the State, the University to do away with a new competitive procurement which they are planning to do a year from now, they would have to do. In exchange for that they are asking for a five-year extension on that contract. And I have to agree with the Comptroller's remarks, we are bound, the State and the University System, by our policies and procedures to do competitive procurements. We are not private industry in that we can select vendors as we want and if it is a good deal, and it may be a good deal. But we are bound by our rules. And the college's own rules, their own procurement policies

and procedures state that they must reject an unsolicited proposal if it is available to the institution without restriction from another source. We know there are competitors. There were three competitors on the last procurement so we know there are other sources out there. It closely resembles a pending competitive procurement. We know that the new procurement is pending a year from now. They will have to do a competitive procurement. And it does not demonstrate an innovative and unique method, approach, or concept, or if it does another method, approach, or concept may be available to the institution on the basis of competitive proposals. For those reasons alone, this is from the University's own policies and procedures, I cannot support this unsolicited proposal.

GOVERNOR HOGAN: So if we were to pass the Comptroller's motion to deny the five-year unsolicited extension, this current contract still goes for a year and there is currently a bid process that's going to take place that's going to have other competitors, including the incumbent, be able to make a proposal?

MR. GNALL: That is correct. And the incumbent is more than welcome to submit what they have submitted as an unsolicited proposal now. They can submit that during that competitive process. They may even sharpen their pencil even more, because they know they will have competition in that proposal.

GOVERNOR HOGAN: Right. Okay. Thank you.

COMPTROLLER FRANCHOT: Great. I make that motion.

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GOVERNOR HOGAN: I'll second the motion. All those in favor?

TREASURER KOPP: Governor, could I just say I would hope that our procurement authority and the Office of the Attorney General would always be united in these. It's not clear that they are in this instance, but you're our, clearly the legal advisor on procurement. And I think it's quite possible that the students may end up paying more. But that, you don't know until you go out to the market. So because I still have difficulty understanding how it's innovative and unique, I would support the Comptroller's motion.

GOVERNOR HOGAN: Okay. The motion passes three-nothing. Are there any other questions on the University System Agenda? Any other questions? Is there a motion on the remainder of the balance of the USM --

COMPTROLLER FRANCHOT: Oh, right.

TREASURER KOPP: Yeah.

COMPTROLLER FRANCHOT: Item 3-RP.

MR. EVANS: Item 3-RP. I have Dr. Juliette Bell, who is the President of the University of Maryland Eastern Shore, here.

GOVERNOR HOGAN: Good morning.

DR. BELL: Good morning, Governor, Madam Secretary --

GOVERNOR HOGAN: I hope you spent the night down here last night.

DR. BELL: I did, sir. I did. And Mr. Franchot. I'm Juliette Bell, President of the University of Maryland Eastern Shore.

COMPTROLLER FRANCHOT: Thank you, President Bell, for being here. I just have, just to cut to the chase here, I want to make sure that the \$12.7 million we're spending to take care of this failed organization down at, in your area, you are intertwined with this Maryland Hawk Corporation situation. And are we totally objective and arm's length in dealing with this 27-acre property?

DR. BELL: Maryland Hawk Corporation is an affiliated foundation of the University of Maryland Eastern Shore. The property that we are seeking to take over is a property that was purchased and developed on behalf of UMES by Maryland Hawk Corporation with support from or funding from the USDA, which is one of our partner federal agencies, and the Bank of Delmarva. This property will help the University to address some of its housing needs, particularly for graduate students but also for undergraduates as well. We currently lease over 400 beds from other areas around the campus and so by adding this to our inventory it allows us to now have more control over that facility.

COMPTROLLER FRANCHOT: Okay. And just to resolve the situation that occurred, has all of the money that was improperly transferred been repaid in full?

DR. BELL: Has the -- I'm sorry, could you repeat?

COMPTROLLER FRANCHOT: Apparently there were some questionable transfers of money between the University and the foundation. And has that all been resolved?

DR. BELL: Yes, sir. No, sir. That has not been resolved at this point. We are looking at opportunities and strategies for Maryland Hawk to liquidate some of its assets to offset that --

COMPTROLLER FRANCHOT: Okay.

DR. BELL: -- return of those funds.

COMPTROLLER FRANCHOT: And that project that's before us is to build housing two miles away from your campus. Is there other housing that's located that far away?

DR. BELL: The housing is already existing. It was built, finished up in 2015. It's about a mile and a half from campus and we currently have students who reside in that property. So the University already provides transportation from that area to the campus, as well as some other services.

COMPTROLLER FRANCHOT: The comments I had for Freeman Hrabowski I also have for President Bell. But I just have concerns that you are in a position where because everything was so connected that, you know, I just want to make sure that you think this is a good deal from a financial standpoint, not from a let's resolve this unfortunate situation standpoint.

DR. BELL: I do believe it's a good deal in the sense that it is going to support the mission of the University. We expect to be able to generate revenue through housing costs to students to offset the mortgage of that property.

GOVERNOR HOGAN: Thank you very much.

TREASURER KOPP: Are you going to be, you are eliminating the costly private property management services contract currently in place, which I assume is at the places you are renting? I don't quite, are you going to service all of this new building, including when you move the undergraduates in?

DR. BELL: Yes. We currently have on campus a service for residential housing that supports upkeep of that housing. We are bringing this into our inventory. Right now there is a private company operated under the corporation that manages that property. So by bringing it in house to our inventory we are able to use our current resources to manage that property.

TREASURER KOPP: So it will be a net benefit even though they will have more work to do?

DR. BELL: Yes.

TREASURER KOPP: Okay. Thank you.

DR. BELL: Thank you.

GOVERNOR HOGAN: Thank you, President Bell. Any other questions on the University System? Is there a motion?

TREASURER KOPP: Favorable.

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COMPTROLLER FRANCHOT: Yes, I think that's --

GOVERNOR HOGAN: Three-nothing, University System. We move on to Information Technology.

MR. BULLOCK: Good morning, Governor, Mr. Comptroller, Madam Treasurer. For the record, my name is Albert Bullock, Assistant Secretary for the Department of Information Technology. This morning we have seven items on our Agenda and we are withdrawing Item 1-IT-MOD. I have agency representatives here to answer any questions you may have on the remainder of the Agenda.

GOVERNOR HOGAN: Any questions?

COMPTROLLER FRANCHOT: This is IT?

GOVERNOR HOGAN: IT.

COMPTROLLER FRANCHOT: Agenda 5, or Item 5.

MS. LAMONE: Good morning.

GOVERNOR HOGAN: Good morning.

COMPTROLLER FRANCHOT: So thank you, Madam Secretary. It's good to see you. This is a contract for \$9.3 million for a two-year renewal option of the election systems and software company in Chicago contract. This is for the ballot marking devices which were put in place as a result of the paper trail we now have for our elections. And so what is the situation with these machines? Did they or did they not perform as they should have?

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MS. LAMONE: For the record, Linda Lamone, Administrator of Elections.

COMPTROLLER FRANCHOT: I just recall there were a number of issues with these --

MS. LAMONE: We did.

COMPTROLLER FRANCHOT: -- ballot marking devices.

MS. LAMONE: And I talked to John yesterday and so I think what you are referring to -- to answer your first question everything worked well in the 2016 election where we rolled the new equipment out. I think your issue, Mr. Comptroller, is the use of what we call the ballot marking devices that are primarily sold for, to meet the ADA requirements. But they also produce a paper ballot that is then scanned into the scanner. And we had originally planned to use those devices exclusively at the early voting centers in the 2016 election. And we had an issue come up with them. And there were two.

One involved the capability or the capacity of the software as far as the number of candidates that could be put on each page. And it depends on the size of your header, but it was limited to six or seven. And had in several of our high profile contests, i.e. U.S. Senate both for the Democrats and the Republicans but we had several other contests as well, where there were more than seven candidates. So they had to go to page two or three. And we got complaints from



both sides of the aisle about that because in several instances the favored candidate was on a subsequent page.

So then we started looking at the equipment internally. And it has in my mind a navigation issue which is difficult for the voters to conquer. And that is if you think of a, if you've seen one of the pads that, say, a blind person would use, it has back, forward, up, down buttons on it. Well that's how they have designed the navigation in this system. So if you were to go from President to U.S. Senate race, for example, on the Republican ballot in the primary, you would then be presented with page one. Well you know you wanted to vote for X and her last name was not on the first page. So you would push more to get to the second page, more to get to the third page. Most voters instead of pushing more push the button that says next. And what that does it takes them out of the Senate race to the next contest on the ballot. And I was sufficiently concerned with the number of candidates on the page, coupled with the navigation issues, that I decided not to use them in the primary or the general, exclusively use them in the early voting centers.

For this upcoming election we have a different issue, I think. We still have the two issues. We have far fewer races historically where we've had more than seven candidates but we still have the navigation issues. They have not been able to fix that. The complicating factor of the 2018, especially the primary election ballot, is that there will be hundreds of ballot styles on there. And so do

we want to have the voters maybe having some navigation problems with fewer contests, mainly central committee contests? Or do we want to have to worry about the vote, the election judges managing hundreds of paper ballot styles? In Prince George's County we typically have over 100 ballot styles in the primary election and in an early voting center that is a huge management issue for the election judges.

So there is our dilemma. I haven't decided yet. But --

COMPTROLLER FRANCHOT: You know, the average candidate doesn't want to be on page three.

MS. LAMONE: No, or page two. Historically in a gubernatorial primary election it's the central committee contest where you have more than seven candidates.

COMPTROLLER FRANCHOT: So you're going to let us know, I guess --

MS. LAMONE: Oh, sure.

COMPTROLLER FRANCHOT: -- just what is going on with that? Because we're going to --

MS. LAMONE: Right. And there's no real cost difference. Hm?

COMPTROLLER FRANCHOT: We're going to give you an extension and you're going to solve these issues. Okay.

MS. LAMONE: Absolutely.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR HOGAN: Thank you.

MS. LAMONE: Thank you. Any other questions? Thank you.

GOVERNOR HOGAN: Thanks.

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing. That was pretty quiet, but we heard move and second. And now we're going to move on to Transportation.

MR. RAHN: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, my name is Pete Rahn. I'm the Secretary of the Maryland Department of Transportation. The Maryland DOT has 21 items for your consideration today. And Governor, if I may, introduce in our audience, because we have had such a difficult time recruiting procurement officers we have decided to grow our own through the creation of an MDOT University. And our inaugural class we have with us today, Sharon Curtis, who is in the training program. And it's a six-month course to --

(Applause.)

MR. RAHN: -- fully train.

GOVERNOR HOGAN: There you go. Well we won't give her a hard time today in her first meeting before the Board.

(Laughter.)

GOVERNOR HOGAN: But we're happy to have her on the team.

MR. RAHN: I'm sort of concerned. You all have been pretty mild today and I'm not sure she's getting a full picture of a typical BPW --

GOVERNOR HOGAN: We were saving it for you.

(Laughter.)

GOVERNOR HOGAN: I'd like to, I'm really excited about Item 5. And if we could, I'd love to have Ricky Smith come up to the podium. I just want to say how pleased I am that BWI Marshall set an all time record in 2016 with more than 25.1 million passengers. The Airport keeps setting new monthly records every single month during the calendar year, and breaking records for the last 18 consecutive months. And I think it's just terrific. And I'm very excited about more good news for BWI with this new \$60 million construction contract to improve and expand the concourse, the international concourse, which I was happy to be out there to help kick off. And I think this next phase of BWI is going to be terrific and I look forward to seeing this new addition completed and continue the positive growth of BWI. But just to let you maybe address this quickly before the Board and tell us what's going on for those who don't know. But Ricky, I just want to thank you for doing a terrific job out there.

MR. SMITH: Thank you, Governor, for your confidence. Mr. Comptroller, Madam Treasurer, so we have before the Board a contract with Whiting Turner to construct a \$60 million facility that will include five additional

gates to accommodate our growing international service program. Those five gates will include -- I'm sorry, six gates will include four gates that will be arrivals only and two gates that will be arrivals and departures to accommodate airlines like Southwest, Alaska, and Delta that are domestic carriers primarily at BWI but do have some international traffic.

Governor, this is a product of the confidence that the people have to spend money and so people are flying. We spend a lot of effort trying to win D.C. We think this is also a product of that effort. We are winning D.C. And, you know, the 18 consecutive months of record growth is scaring me because I don't know when it's going to come to an end. And I'm afraid that might get more attention than the 18 consecutive months. But we're very happy with --

GOVERNOR HOGAN: That headline will be, Ricky Smith fails -

-

(Laughter.)

GOVERNOR HOGAN: -- the Governor is, you know, a disaster, you didn't have 19 straight months of growth.

MR. SMITH: But we're very happy, Governor. And again, thanks for your confidence. Yes, sir?

COMPTROLLER FRANCHOT: I read about your predecessor all the time in *The Washington Post*.

TREASURER KOPP: Poor man.

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COMPTROLLER FRANCHOT: And believe me, you are in a better position.

(Laughter.)

COMPTROLLER FRANCHOT: But could I ask how big a percentage of BWI's traffic comes from our very valuable partner Southwest Airlines?

MR. SMITH: So Southwest accounts for about 70 percent of our traffic, which is amazing. It's both a plus and it has some, you know, some challenges with it as well to have that level of reliance on one carrier. But they are a very good partner. One of the best managed airlines in the country, if not the world. They are committed to Maryland, as they have evidenced with not just their international presence but their growing domestic presence. So we're very happy to have that partnership with Southwest Airlines.

COMPTROLLER FRANCHOT: Have you been down to their headquarters? Or is that too much to ask? Where do they, where are they based?

MR. SMITH: They are based in Dallas at Love Field. I have an apartment next to their headquarters I spend so much time --

COMPTROLLER FRANCHOT: Well there you go.

MR. SMITH: Well, I don't have an apartment. But I do spend a lot of time meeting with them. We are working on a number of important projects and so we spend a lot of time there.

COMPTROLLER FRANCHOT: Excellent.

GOVERNOR HOGAN: Okay. Thank you very much.

TREASURER KOPP: Ricky --

MR. SMITH: Yes, ma'am?

TREASURER KOPP: -- I just want you to, you know, I live in a little corner of the State, right off the Beltway, right next to the bridge into, the American Legion Bridge to Virginia. So all my neighbors just hop on the Beltway, go to the bridge, and go to Dulles.

MR. SMITH: Yes.

TREASURER KOPP: Only they don't anymore. People are talking about BWI, even though they were really used to just going around the corner to Dulles. And I think it's a combination of the so-called improvements at Dulles, but also the great work you all have been doing at BWI. It's really put it on the map on this little corner of the map. And I thank you --

MR. SMITH: Well I'd like to take all the credit for that, but I have to go back to the Airport to a lot of very smart people who make that happen.

TREASURER KOPP: Well --

GOVERNOR HOGAN: It's --

TREASURER KOPP: -- great team effort.

GOVERNOR HOGAN: -- it's a terrific team effort. And we are making real progress. And people, even with all the great success and the record

breaking, people don't, people that come to Washington still think that Dulles or National are the airports for Washington.

MR. SMITH: That's absolutely right, sir.

GOVERNOR HOGAN: And BWI is the number one airport for Washington.

MR. SMITH: That's correct.

GOVERNOR HOGAN: It's Baltimore Washington International. But we're beating all of them. So we're very proud of that.

MR. SMITH: Thank you, sir.

COMPTROLLER FRANCHOT: Do you still have Dale Hilliard working there?

MR. SMITH: Well Dale works with us. I'm not sure what he does.

(Laughter.)

GOVERNOR HOGAN: But he's still getting a paycheck, is what you're saying?

COMPTROLLER FRANCHOT: Yeah. Yeah.

GOVERNOR HOGAN: Okay. That's good.

MR. SMITH: Thank you very much.

GOVERNOR HOGAN: Well thank you very much. Are there any other questions on the Transportation Agenda? Is there a motion?



COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Second? Three-nothing. Now we're going to move on to, I believe last but not least, Secretary Churchill and the DGS or the Department of General Services Agenda.

MR. CHURCHILL: Yes. Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for General Services. The department has 22 items on our Agenda, including one supplemental. And we have representatives available to answer any questions.

GOVERNOR HOGAN: Any questions on General Services?

TREASURER KOPP: I did have one on Item 22, Governor.

GOVERNOR HOGAN: Okay, Item 22.

MR. CHURCHILL: Item 22 --

GOVERNOR HOGAN: It's the National Sailing Hall of Fame.

TREASURER KOPP: Hall of Fame.

MR. CHURCHILL: Assistant Secretary Wendy Scott-Napier.

GOVERNOR HOGAN: Good morning.

MS. SCOTT-NAPIER: Good morning, Governor, Comptroller, Treasurer. Wendy Scott-Napier. I do have some folks here from the Sailing Hall of Fame if I cannot answer the question.

TREASURER KOPP: Great. Well, I mean, we have spent a great deal of time on this over the years and I think we understand that the Hall of Fame has been undertaking operations for the last few years and has a number of outstanding programs but has not yet made progress and not yet spent any of this money on building the building.

MS. SCOTT-NAPIER: Correct.

TREASURER KOPP: And there are, while there's been overwhelming support sent to our offices for it, there has also been some concern. And I don't know that it's necessary to go through it all as much as just to put on record a couple of requests when we do get to this item of conditions we'd like to put on it. I believe that they are conditions in the public interest and in the interest of the Hall of Fame. And I do look forward to the day when Annapolis is the home of the, the physical Hall of Fame as well as the program.

So Governor, when the time comes I would like to propose that the item be adopted but that there be conditions, including reports of progress towards fundraising goals, on the trigger event fundraising and fundraising to support yearly operations. The trigger events are the capital construction dates. An update on the Burtis House historic structure report, update on the design of the Hall of Fame building, and update on educational programs including those that are now underway and expansions, and that these reports be filed annually with the Board of Public Works and copied to the Department of Natural Resources,

the Department of General Services, and the Maryland Historic Trust, all agencies with whom I understand the Hall of Fame is working right now.

GOVERNOR HOGAN: That makes sense to me. So you were, you are suggesting we put that as a --

TREASURER KOPP: As a condition for the approval.

GOVERNOR HOGAN: -- condition for the motion, that the Sailing Hall of Fame will have to report annually to the Board of Public Works on their progress and meet certain trigger events and inform the other agencies.

TREASURER KOPP: And obviously if the trigger events happen before an annual report, I'm sure they will let us know whether we want to be -- or no, they will let us know.

GOVERNOR HOGAN: Well it makes sense. I mean, we're providing some money and you want to get a report on what's happening --

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: -- with the rest of the --

TREASURER KOPP: It's important, Governor, to point out that State money has not been funded.

GOVERNOR HOGAN: Yeah, I understand.

TREASURER KOPP: Has not been spent yet.

COMPTROLLER FRANCHOT: I wonder if I could get --

GOVERNOR HOGAN: I would support the Treasurer's request but go ahead.

COMPTROLLER FRANCHOT: Yeah, no, I'm, I'm all in favor of updates, letters, reporting progress, conditions, triggers, things like that, I'm a little concerned about. I wonder --

TREASURER KOPP: The --

COMPTROLLER FRANCHOT: -- if former Delegate D'Amato could come up and just, you are with the museum. Maybe Mr. Jobson could come up and you could comment on this language if, I haven't seen the language so I don't know --

TREASURER KOPP: I would point out that the triggers I'm talking about are the triggers that are already in the contract --

GOVERNOR HOGAN: Oh, okay.

TREASURER KOPP: -- and understanding. I'm not talking about putting new --

COMPTROLLER FRANCHOT: Yeah, I'm all for updates. I just don't want to have something done by us here that is more than just providing some information.

TREASURER KOPP: Right.

GOVERNOR HOGAN: So maybe you can clarify for us, but it sounds like the Treasurer says these are all things that are already in there. We're

not trying to add anything. The only thing we're talking about is updates. Is that right?

MR. D'AMATO: Yes.

COMPTROLLER FRANCHOT: And you can, like, send a letter to us.

MR. D'AMATO: We will.

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: Dear Board of Public Works --

TREASURER KOPP: Exactly.

COMPTROLLER FRANCHOT: Yeah. Okay. Because it's a great project and I'm very optimistic.

MR. D'AMATO: Thank you.

GOVERNOR HOGAN: Thank you very much. So we got that, Secretary McDonald, there is a motion on that to say we're going to get an annual report, right?

SECRETARY MCDONALD: Yes.

GOVERNOR HOGAN: Second. Three-nothing on that motion. On the balance of the DGS, is there any other questions? Is there a motion?

COMPTROLLER FRANCHOT: Move favorable.

GOVERNOR HOGAN: Three-nothing on the DGS Agenda. That concludes the Board of Public Works. Thank you very much for joining us.

(Whereupon, at 11:24 a.m., the meeting was concluded.)