

MR. JAMES: Certainly. So by way of context, when we were going into this procurement, before we initially went out, which is the reason why we're operating under some extensions and modifications currently, the Legislature charged us with performing a cost benefit analysis of continuing private operation of child support in Baltimore City versus bringing that back into the State service. That cost benefit analysis did support continued private operation but only if we could achieve innovation and that's where we were going to see really savings and not just savings but improved performance for the children of Baltimore and the families of Baltimore City.

So we took what that analysis gave us in terms of their recommendations of things we should modify and look for in this contract and put those into the RFP. And innovation was one of the critical factors. This is a best value contract. It is, we look at both the technical proposal as well as the price. And we do that because it prevents the State from being penny wise and pound foolish.

The incumbent put in a proposal that leans heavily on price as their biggest advantage. They propose to continue doing what they have been doing, essentially, in Baltimore City. And if that's all we wanted, that would be fine. But what we did not see was any of the innovation that we really think is necessary for us to continue to improve in Baltimore City and provide the better outcomes that we should be seeing for our children and families.

On the other hand Veritas, the winning proposal, contained a number of innovations. They had clearly studied the demographics of Baltimore City. They understood our clientele and the challenges we faced. And based upon their experience operating in other states, including operating in urban environments very similar to Baltimore City, they demonstrated approaches that thought were going to improve the outcomes for the people of Baltimore City.

So while the incumbent's proposal was \$13 million less, we believe that the Veritas proposal will result in us having an increase of \$22 million of collections over the life of five years for this contract. That's \$22 million additional dollars going into the families of Baltimore City. Likewise, and I apologize, normally our Executive Director for Child Support would be giving you all these facts and this information. He has laryngitis today so it is falling upon me to do my best to represent us --

LIEUTENANT GOVERNOR RUTHERFORD: I think the Comptroller --

MR. JAMES: -- and any mistakes are completely mine.

LIEUTENANT GOVERNOR RUTHERFORD: That's all right. So let me just interrupt a little bit. So you're saying that the, where you got your \$4.3 million in savings is the difference between what the incumbent was doing last cycle and what you feel you're going to be able to receive this cycle? It's a net number, is that, did I follow that correctly?

MR. JAMES: Right. So that would be if we continue to pay what we are paying currently under the current contract for the next five years, we expect that that would be \$4.3 million more than what Veritas will be providing under this new contract.

LIEUTENANT GOVERNOR RUTHERFORD: I tilt my head like my dog does when he doesn't quite understand what I'm saying. Maybe you'd --

COMPTROLLER FRANCHOT: No, I'm --

LIEUTENANT GOVERNOR RUTHERFORD: No, you're a lawyer too so you're not that great at math, either. Unless you're a patent lawyer. I, you said that, you know, it's going to cost more but so they lowered their price?

MR. JAMES: So yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. JAMES: They came in with a very aggressive price.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So they are probably, you're saying what the price was before --

MR. JAMES: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: -- if that's the difference. It's not their current bid?

MR. JAMES: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: Now they were lowest in technical so I understand that, and technical was weighed heavily.

MR. JAMES: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. JAMES: Absolutely. That was our --

LIEUTENANT GOVERNOR RUTHERFORD: I just was trying to understand the savings numbers. So the savings is based on the history versus the new contract?

MR. JAMES: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. JAMES: And the improved performance is based upon the experience that we've seen. What we anticipate the changes in service provision will yield us in terms of improved performance. Kevin is from Pennsylvania, which is one of the leading, I believe it's the top ranked state for child support performance based on the federal metrics. In several areas where currently in Baltimore City we score in the sixties and seventies percents, in Pennsylvania they are scoring 20 percent higher on all of those. Our goal is to have Maryland be the number one state for child support enforcement, which is why we snapped up Kevin when we had an opportunity to bring him to Maryland. And that's what's driving us on all of these contracts. We really think if we just continue to do what we have been doing, we're not going to get there and we're not going to see that innovation. So that's why we put a heavy emphasis on that. I'm not here to badmouth the incumbent. Maximus is a good company. We do business with

them in a number of other areas. But on this particular proposal, on this particular situation, and based on our experience with them, we really believe that Veritas offers a better opportunity for us to move the State forward. And that's why we, notwithstanding the increase, the difference in cost, we still ranked Veritas as the number one choice under this RFP.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yeah, no, I respect the Secretary greatly and I really appreciate your efforts to bring our Maryland kids home from other states where they are currently lodged. So I am searching for a reason to vote for this contract. But I am not satisfied right now with what I'm hearing. I guess my first question is, Maximus made a bid. I take it it was described as acceptable, which means that the incumbent bidder met all the requirements of the RFP and would be able to provide the services as outlined in the contract. Is that true? That they were deemed acceptable? An acceptable bid?

MR. JAMES: They certainly cleared the lowest bar to be part of the consideration, yes. So they were technically acceptable but the evaluation looks beyond just whether or not they cleared the low threshold. The evaluation of their technical proposal also looks like how they are going to provide those services. If it was simply a question of yes, no, you meet the technical assignments or not, this would have been purely a price based proposal.

COMPTROLLER FRANCHOT: Okay. And they have satisfactorily met many of the performance benchmarks set forth by the department? Yes or no? I'm not saying all, but many of them. And I think they were, had a superior status in some of them.

MR. JAMES: So in some areas they have met the performance objectives. In other areas we've had performance issues and they have been under corrective action plans and for a number of issues as well. Again, as I said, I'm not here to malign Maximus. But if we want to just continue what we've gotten then yes, we should go with the low cost and ignore all the other factors. I'm suggesting that that is not going to help us achieve the outcomes that we need for the children of Baltimore.

COMPTROLLER FRANCHOT: Okay. Well I've heard a lot of discussion, and the use of the word innovative, and getting more money from I guess these are people that deny they owe, or they are judicially required to provide child support but they choose not to, and disappear, and it's hard to find them. I can see that as being a difficult task. But I haven't heard a single reason, either from the November 1st meeting or this one, that would justify \$13.7 million more for the, you know, for basically the same services. I hear innovation repeated over and over again. What specifically is the costly innovation that is going to, that you see in this new, in this bid that you want us to approve? Because I don't see a specific concrete, other than, yeah, we all want to be

innovative. We all say we're going to do better than the, than our competitors. But what exactly are the innovations that your agency is saying are worth \$13.7 million more in this contract?

MR. JAMES: So --

COMPTROLLER FRANCHOT: Please, if someone else --

MR. JAMES: -- when we look at that, so they propose bringing in a higher quality staff with greater training and greater experience. Less reliance on temp staff and more on direct hires, and improved training for that staff. So that's one area. And staffing is critical for this because a lot of this work is direct, person to person work. And when you have a lot of staff turnover you lose a lot of the talent. So they propose paying their staff above the living wage, which is an innovation. They are bringing improved case management tools and supervisory dashboards which will allow them to better track cases and again help us hit those numbers. And again, when we talk about putting the numbers, our improved performance means that we have a better opportunity to pull down federal incentive funds. So again, it directly translates into dollars and cents when we have that improved performance.

They are proposing various streamlined processes for working with the courts in terms of establishing the court orders and the petitions necessary for us to get a child support order in place and the faster those get done the faster payments start occurring and families start receiving money. One of the changes

in how the Department of Human Services is looking to do business is something called the two gen approach, which is basically thinking not just the services for the parent but also the services for the children. They are committed to working with us in and integrating into that. So it's things like expanded employment training for the non-custodial parent so that they can put themselves in a position to meet their child support obligations. And they are also proposing to help us ensure that families coming in are getting enrolled for health coverage under the ACA and that appropriate health support orders, not just the financial support orders but the orders regarding the child's health insurance, are established in a timely fashion. So those are things that they brought to the table. This new RFP, currently Baltimore City Child Support operates out of one location. We're breaking it into two locations in recognition of the City and the need to serve folks throughout the area and to make the offices more accessible.

So based upon that, those factors, when we saw the proposal from Maximus and how aggressively it had been priced, it raised serious questions for us whether or not they were actually going to be able to deliver the services.

COMPTROLLER FRANCHOT: Okay. Well I don't really have a dog in this hunt, other than the taxpayers. So help me understand. Didn't Maximus suggest they were going to have two offices?

MR. JAMES: Maximus said they are going to have two offices, Mr. Comptroller.

COMPTROLLER FRANCHOT: Okay. Thank you.

MR. JAMES: But respectfully the, I guess the issue that comes up with us is if they were struggling and having issues with their current site, then as we move into two sites, how are they going to be able to provide those services for so much less than what they are asking for right now.

COMPTROLLER FRANCHOT: Well I assume they have staff training. Any company would. I don't know whether they have a dashboard, but I assume they have some version of a dashboard. I assume everybody in this business wants to get court orders started as soon as possible and has relationships with the courts. I'm sure the two gen approach is obviously something that makes common sense. As far as the, the only thing I've heard is perhaps this employment training for non-custodial parents that nobody can find right now and nobody can get any money out of. But if we can perhaps find them and give them employment training, that will get them back paying what they should pay. Okay. Well I don't know. And then the ACA, I'm not sure how long the ACA is going to be around given what Washington is up to. But I guess the bottom line, as much as I appreciate the other subject that I complimented you on, I just don't see it, why we're paying \$13.7 million more to an out of state company. I don't know whether Maximus, I don't even know where they are located, but I assume they have offices here in Maryland somewhere?

MR. JAMES: Maximus --

COMPTROLLER FRANCHOT: So I reluctantly am probably going to vote against this. It certainly isn't a comment on the services. What?

LIEUTENANT GOVERNOR RUTHERFORD: Maximus is in Virginia.

COMPTROLLER FRANCHOT: Well, that's closer than Colorado. So I just don't, I mean, I appreciate the assessment that it's a higher quality. But if the incumbent met the requirements of the bid, and they come in at this price, and they are not some made up, fake company, they are actually there, I find it hard to justify the extra money.

LIEUTENANT GOVERNOR RUTHERFORD: Is there, was there a protest on this matter?

MR. JAMES: No, there was not.

LIEUTENANT GOVERNOR RUTHERFORD: No protest.

TREASURER KOPP: I said two weeks ago, I think it was two weeks ago, that I appreciated your response to all of our questions. I read them all thoroughly. I thought they were very good. I think in both the price, the difference between what is being offered now and what was being offered then, and clearly the technical capacity of Maximus, I agree, in many areas is very strong. But it hasn't shown to be as strong in this area. And that difference I think is the difference between the two bidders I think is not only very significant but the fact that Maximus didn't appeal it shows it me some recognition on their

part, too, that they've had problems with this contract and that's it's time for us to go in a different direction and this is a cost effective and potentially very good direction. And we'll be, I'm sure, watching over and looking at your accountability measures and seeing more closely perhaps than we have been overseeing it before. Because I didn't realize there were all these corrective actions required in the last couple of years. I believe you're going in the right direction.

MR. JAMES: Thank you, Madam Treasurer.

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: Well I love the Treasurer. Like her, my heart is liberal but my money is conservative. And I just --

TREASURER KOPP: Comptroller, I'm not calling names.

COMPTROLLER FRANCHOT: What?

TREASURER KOPP: I'm not making up --

COMPTROLLER FRANCHOT: I just --

TREASURER KOPP: -- except I know we both were, was it, socially --

COMPTROLLER FRANCHOT: Yes. I can't even remember it now.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, somebody called you --

(Laughter.)

COMPTROLLER FRANCHOT: Fiscally prudent but socially --

TREASURER KOPP: Fiscally prudent and socially responsible.

COMPTROLLER FRANCHOT: Yes.

TREASURER KOPP: And to me being fiscally prudent and socially responsible leads to --

LIEUTENANT GOVERNOR RUTHERFORD: Well I think what we'll do is we'll vote this one separate. I think the Comptroller has concerns about it. And so I think we'll, maybe we should do a motion on this Item 9.

TREASURER KOPP: I would move it favorable.

LIEUTENANT GOVERNOR RUTHERFORD: I would second that.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: And I think we're two to one, unless you've had a change of heart.

COMPTROLLER FRANCHOT: No, I'm still --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Are there any other questions on the Agenda? Thank you.

MR. JAMES: Thank you, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: On the Budget and Management agenda?

COMPTROLLER FRANCHOT: Move approval on the Agenda.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

Second. And we're all in favor of the remainder.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you, Mr.
Secretary.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: University
System? And you have a guest, an honorable guest.

MR. EVANS: Yes, sir. Joe Evans, representing the University
System of Maryland. We have eight items on the Agenda. We are withdrawing
Item 8-RP. In attendance --

LIEUTENANT GOVERNOR RUTHERFORD: Hold on just a
second while people clear out. Okay.

MR. EVANS: Okay. We have eight items on the Agenda. We are
withdrawing Item 8-RP. In attendance I have Kim Schatzel, who is the President
of Towson University. And we're here to answer any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Can
we hear from the President of the Towson University?

DR. SCHATZEL: Governor, Comptroller, and Madam Treasurer,
I'm very, very pleased to be here today and very, very pleased to have the fact

that the science building is before you for approval today. And on behalf of the amazing faculty, staff, and students of Towson University, as well as the 150,000 alumni, 85 percent of which are residents of Maryland, we appreciate the support that we're asking for for the science building itself.

It's critical to our STEM programs, high demand programs. We have almost 7,000 STEM students at Towson University today, 22,000 enrollment in total. And the current science building was built when we had almost 7,000 in total enrollment. So the capacity that's required to be able to service these high demand programs as well as these high demand employment positions within the State is greatly appreciated.

TREASURER KOPP: Can --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

DR. SCHATZEL: Thank you.

TREASURER KOPP: What's the timing on the project, Madam President?

DR. SCHATZEL: We would be starting this year, and it would take about three years to be able to complete and occupy.

TREASURER KOPP: I look forward to visiting it and helping with cutting a ribbon.

DR. SCHATZEL: Oh, we'd love to be able to be able to do it.

TREASURER KOPP: This is a great project. Thank you.

COMPTROLLER FRANCHOT: If I could just compliment the President on her leadership. It's fabulous up there and Towson is a gem and I particularly like the public-private partnership she's worked out with the arena, which I think will benefit the entire region. And I couldn't be more praiseworthy of Dr. Schatzel, your leadership, and just keep it up. It's a great place. Do you have any good students, who are good in math, as the Lieutenant Governor noted? Send them down to me.

DR. SCHATZEL: We sure will. We've sent a few to you before, as I can tell, too.

COMPTROLLER FRANCHOT: Mm-hmm. Excellent. I actually have a question separate from Towson. You're part of it, but I just wanted to ask Mr. --

DR. SCHATZEL: Thank you so much.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

COMPTROLLER FRANCHOT: So we have a number of these items. Item 1 is the one that was just mentioned. Item 2 is also a request. Item 3 is another request. I mention all of these things. Oh, here is Item 4, is another request. So let's see, Items 1, 2, 3, and 4, I'm not going to take up the Agenda with my concern about unnecessary expenditures for so-called construction risk management systems. But I would like to have for each of these items, if you

could, send to the Board or to me individually, I don't really care, the sum of what we're paying these construction managers.

Number one, what is it, for example, in the first, pick one here, I guess, to pick this university bid package to Whiting Turner, great company, for construction of the new science building. I guess this is what we were just --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

COMPTROLLER FRANCHOT: -- talking about. I love the building, absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: I'm just curious as to what over the lifetime of this construction we're paying to Whiting Turner, number one. And then I'm wondering is there a single Whiting Turner employee who is going to be on that site with a hammer doing anything? Or are we just paying tens of millions of dollars to a wonderful company, I have no problem with Whiting Turner, but what are we getting for the, I take it, over the cost of this thing, the paying of tens of millions of dollars to Whiting Turner for this one building? Okay. So that's, if you could do that for the other buildings also.

I question whether we are not wasting, in my own view, by I guess the definition would be unnecessary payments to these construction managers. And I'm concerned that it's, with the University System, that it's the default mode. With DGS, God bless you over there, Mr. Secretary, you put these

contracts out as design bid build. And I am under the impression that that saves the taxpayers 20 percent. And but I'm particularly concerned with what the amounts are that we're paying and what we're getting for it, I guess, you can make the arguments again. But I'm also interested as to whether they actually have any employees at any of these new buildings doing anything physical. And my impression is they don't. Prove me wrong. And help me I guess understand why you guys are not, why these four proposals are not before us as design bid build.

MR. EVANS: We'll get you that information.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. The second one I believe is design bid build.

MR. EVANS: It is design bid build.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. EVANS: It is.

LIEUTENANT GOVERNOR RUTHERFORD: So three of the four are construction management at risk.

COMPTROLLER FRANCHOT: Okay. Thank you. Thank you for that correction.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I do have a question on the fourth item and it's just a clarification on the Iribe Center. It states in the item that this is the final bid package, approximately \$135 million.

Overall project cost is \$152.3 million. Does that mean that you've come in under the cost, if this is the final package? Or does it mean the previous packages accumulate up to \$135 million? Why the difference in those two numbers?

MR. EVANS: Let me bring up Bill Olen, who is the Director for Design and Construction at College Park.

LIEUTENANT GOVERNOR: Okay.

MR. OLEN: Good morning, Lieutenant Governor --

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. OLEN: -- Board members. The balance of the --

LIEUTENANT GOVERNOR RUTHERFORD: Introduce yourself.

MR. OLEN: Oh, Bill Olen, Executive Director of Planning and Construction, University of Maryland College Park. The balance of what is not in the construction contract, the number that's in front of you, is for planning, inspection and testing, utility fees that we pay separately.

LIEUTENANT GOVERNOR RUTHERFORD: So that's included in the \$152 million --

MR. OLEN: Correct. Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: -- versus --

MR. OLEN: That's all in, including capital equipment.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So the, okay, so the construction itself was \$135 million --

MR. OLEN: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: -- and all the other, okay. I was just trying to understand that difference. Okay. Thank you.

MR. OLEN: You're welcome.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions for the University?

TREASURER KOPP: No, thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Do we have a motion on the University System Agenda?

TREASURER KOPP: Favorable.

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. EVANS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you very much. We're all in favor. Okay. Department of Information Technology?

MR. LEAHY: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Michael Leahy, Acting Secretary of the Department of Information Technology. Today we have two items to present to

you on this Agenda and there are agency representatives available to answer any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Just a quick question on the second item. What happened? Was this just where someone called Comcast and said we need an ISDN line, or something of that nature?

MR. MCGLONE: Yes, Lieutenant Governor, Mr. Comptroller, Madam Treasurer, David McGlone, Deputy Secretary of the Department of Labor, Licensing, and Regulation. We had a notification. Our network was handled through the federal government through the Federal Occupational Safety and Health Administration, the OSHA network.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. MCGLONE: They told us that we needed to get off their network. They were shutting down their network and we had to find another source. The employee in being overzealous contacted Comcast and unfortunately signed a work order, not going through our procurement process. Once we got the invoice we immediately contacted the Department of IT to get the correct services and worked with Comcast to work this out so they could continue getting the services. They weren't shut down.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. MCGLONE: And they provided the services, worked with us. We didn't pay the bill until we could get this contract properly approved.

LIEUTENANT GOVERNOR RUTHERFORD: This one, number four? The engineer's estimate is \$10 million less than the bid that came in. Is there any concern about the engineer's estimate?

MR. PORTS: Well I can assure you that Mike Zimmerman is looking at that issue with the estimates. We recognize that they are I guess overall not doing the estimates very well. Some of them are even higher than that.

LIEUTENANT GOVERNOR RUTHERFORD: Who does, is this MTA engineers do this estimate? Or is it --

MR. PORTS: Yeah, it is.

LIEUTENANT GOVERNOR RUTHERFORD: Can Mike Zimmerman come up?

MR. PORTS: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. PORTS: And Joe, do you want to come up? Joe, come on up.

LIEUTENANT GOVERNOR RUTHERFORD: Maybe I should have warned you so you could have started earlier.

MR. PORTS: But I can tell you, we are putting things in place to change this.

MR. ZIMMERMAN: Governor, Madam Treasurer, Mr. Comptroller, Mike Zimmerman, Maryland Department of Transportation. Yeah,

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we've identified that there is an issue, obviously, with some of the estimates that the MTA has been coming forth with. They typically have had designers performing that function and they are not professional estimators. So we've been working with the administrator who has been talking to his senior level staff and again has a meeting with them Friday in which he will have the discussion again. But we are also hiring a professional estimator to come in and work with the administration in taking a look at estimates moving forward. And we're also going to bring in someone to train --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. ZIMMERMAN: -- the people at the MTA to do the estimates. So in the short term we're going to have some issues but we hope to have that worked out early next year.

TREASURER KOPP: Can I just follow on?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: The same sort of question on 10. And it's been raised. Here the engineer, the, I'm sorry, the estimate was significantly higher.

MR. ZIMMERMAN: Mm-hmm.

TREASURER KOPP: And in fact one item the estimate was so much higher that it looks bizarre, even though the bottom line is not that different. How did --

MR. ZIMMERMAN: So I'll let Joe explain that particulars on that.

But again, we have people who are not trained estimators and --

TREASURER KOPP: This is a State Highway --

LIEUTENANT GOVERNOR RUTHERFORD: It's a State
Highway --

TREASURER KOPP: This is a State Highway project for
sweeping. It's not, I support the project, but it looks almost like, you know,
pulling --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. ZIMMERMAN: We're addressing it.

MR. PORTS: That was small business reserve also.

MR. ZIMMERMAN: Yes.

MR. PORTS: And that's the first time we've gone after that, is that
correct?

MR. ZIMMERMAN: That was a new contract, I believe, was it
not, Eric?

MR. PORTS: Yeah.

MR. ZIMMERMAN: Yeah, it's a first time contract.

TREASURER KOPP: That might be. That might be. But as I was
told that there's some little item that the estimate was \$1,300 and it actually cost
\$100. I mean, that's a really big difference. So my question is, are these, are

these estimates made by people who actually are in that particular field? Or are you just drawing on people who happen to be around at the time?

MR. ZIMMERMAN: So think historically it's fair to say that like construction estimates, we have professional estimators that do them and they usually come in fairly close.

TREASURER KOPP: But this is --

MR. ZIMMERMAN: But the maintenance estimates are the areas where the business units don't have professional estimators. They rely on designers or people within the department to do that. And Transportation is taking a look at that and we're addressing it.

TREASURER KOPP: That was my question.

MR. PORTS: I think there's another factor, also, I believe, Madam Treasurer. And that is that in speaking with some of the administrators on this issue, we believe part of the problem is that these folks that are in this business are better at projecting the market increases for materials and labor than we are. And that is part of the reason. But it also is the fact that we're not doing a good job. I mean, it's a combination of both. But the private sector is much better at forecasting future market values than we are.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

TREASURER KOPP: Well I appreciate, whether it was the central office or SHA, being candid about this little item that we have before us. Because

you could easily have not been. And so I do appreciate it and I think we just have to work on it.

MR. PORTS: Mm-hmm.

MR. ZIMMERMAN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. I mean this one, as the Treasurer said, I mean, we're talking about sweeping and cleaning roadways and shoulders and the estimate is substantially higher than what the bid came in for. So it's something that someone needs to take a closer look at.

I do want to go back and MTA and Item 6-M where the, again, the estimate is \$200,000 higher than the low bid on a \$200,000 project, 48 percent higher, the estimate was higher than the actual bid price. And it states that the estimate was based on a purchase order from the past.

MR. ZIMMERMAN: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: So was it a purchase order and not a contract that was done in the past?

MR. ZIMMERMAN: So historically what they did was as needed they reached out to a vendor who did the work. They did an individual purchase order to come in and repair the lift.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. ZIMMERMAN: What we looked at was then a five-year contract and we went out and leveraged the market.

LIEUTENANT GOVERNOR RUTHERFORD: Right. So this shows a major flaw that was there previously --

MR. PORTS: Correct.

MR. ZIMMERMAN: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: -- that is being corrected?

MR. ZIMMERMAN: Yes, sir.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. And I know we have some auditors looking around and looking to find other stuff. How are they doing on the audits?

MR. ZIMMERMAN: I actually have a pre-audit finding from them and we're actually doing quite well. We're much better than -- I won't say well. We're doing better than I thought we would.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

MR. ZIMMERMAN: There are issues there we have to address, obviously.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. This is -- okay. Thank you.

MR. ZIMMERMAN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Questions on
Transportation?

COMPTROLLER FRANCHOT: Item 15.

MR. PORTS: I had a feeling.

MR. SMITH: Good morning.

MR. PORTS: Who didn't predict this?

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.
Introduce yourself.

MR. SMITH: Good morning. I'm Ricky Smith, Executive
Director of the Maryland Aviation Administration.

COMPTROLLER FRANCHOT: Thank you, Mr. Director, for
being here. And we're talking about sublease agreements. I think there are three
extensions and seven new sublease agreements that need our approval that have
been negotiated between subtenants and AirMall Maryland. AirMall Maryland
has served as the concessions manager at the Airport since 2004.

Director Smith, first and foremost I'd like to thank you for the
great job you're doing as Executive Director of the Airport.

MR. SMITH: Thank you, sir.

COMPTROLLER FRANCHOT: We're establishing, you know,
new records with passenger travel every month, it seems. So --

MR. SMITH: Well thank you, sir. I think that has --

COMPTROLLER FRANCHOT: -- kudos to you.

MR. SMITH: -- a lot to do with the State's economy.

COMPTROLLER FRANCHOT: Yeah. But we know you're going to keep going up. The stock market is going to go down at some point. So just keep going and doing the good job. And thank you for taking me around the concession operations back in last month. That was very informative and beneficial to me and my staff. I frankly am impressed with the enhancements that have been made to BWI's concession operations during that visit, particularly the addition of Flying Dog Tap House that does --

(Laughter.)

COMPTROLLER FRANCHOT: I hate to say it, but I had to have a little site visit there at the Flying Dog Tap House. And I think that just opened.

MR. SMITH: Yes, it did. Thank you.

COMPTROLLER FRANCHOT: So kudos to you for having a Maryland based operation there. But I have reiterated many times over the last decade, I believe it is in the taxpayers' best interests to test drive the marketplace by initiating a competitive bidding process which, of course, aligns with this Board's strong commitment to saving taxpayer money and delivering quality public services through a fair, transparent, and competitive bidding process.

If I recall correctly, back in 2014 there were six vendors that responded to an RFI released by your agency, Mr. Smith, to gauge market interest in competitive solicitation for this concession management contract. From my point of view, it's more a point of principle, I guess. A competitive bidding process for this contract presents no harm to the agency or to the taxpayers. And if AirMall is indeed the best vendor to do the job I suspect a competitive process would be beneficial because if nothing else the taxpayers would receive some assurances that we're getting the best possible deal in the marketplace.

So since as of April 1st of this year the authority to terminate the contract with AirMall with or without cause resides with you, Director Smith, does your agency have any plans to initiate a competitive bidding process for this contract in the future?

MR. SMITH: Sir, thank you for your comments. The answer is yes. As a matter of fact we, next year we will begin the process of assessing the program. As you can imagine, this is a very complex program. Back in 2004 when we came to the Board to award the contract to then BAA Maryland, that was the culmination of about three years of work assessment to determine which model we should go with. So we're going to engage in another exercise of that nature starting next year. We just decided on a consultant to help us through that process. And so we expect to be prepared to do a solicitation in time to enter a new contract at the end of this existing contract in '22.

COMPTROLLER FRANCHOT: Thank you.

MR. SMITH: You're welcome.

COMPTROLLER FRANCHOT: And thank you again for the time you spent with me at the Airport.

MR. SMITH: Thank you, sir.

COMPTROLLER FRANCHOT: Lieutenant Governor, I don't know whether you agree with me. But the Airport is hitting on all cylinders up there --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, it's doing a very good job. And we appreciate, you know, Ricky Smith coming back from Cleveland to take over the helm. And it's been doing a lot of great business there. You can credit the economy but I think it's the convenience of the Airport, the ability to get in and out of there much easier than some of the other airports around, particularly Dulles which is real strange now. I mean, it was always different with those vehicles that took you out to the midway terminal or whatever. But now that they put the subway in, and you have to walk about a mile and a half. I don't mind walking. I like walking. But it's about a mile walk, including the subway that they have.

MR. SMITH: And having luggage and all --

LIEUTENANT GOVERNOR RUTHERFORD: And having luggage, or if you -- don't be late.

TREASURER KOPP: It's ridiculous.

LIEUTENANT GOVERNOR RUTHERFORD: Don't run a little late. You've got to, you're a mile with your carry-on luggage and it's, I don't --

TREASURER KOPP: It's ridiculous.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. I think John Foster Dulles would be a little upset with that.

TREASURER KOPP: And his brother Allen --

LIEUTENANT GOVERNOR RUTHERFORD: And his brother Allen Dulles, right. So okay. I don't have any other questions. Do you have any questions?

TREASURER KOPP: Ricky, as you know, I agree with the Comptroller on this.

MR. SMITH: Yes.

TREASURER KOPP: I appreciate the fact that you're planning on going forward after '22. I honestly believe we should have tested the waters when we could this year and last. But as I understand it you are now going to be entering, you that is MAA --

MR. SMITH: Mm-hmm.

TREASURER KOPP: -- direct contract with the subs who go beyond '22? Is that right?

MR. SMITH: So no. The subleases --

TREASURER KOPP: Tell me what it's going to be like.

MR. SMITH: The subleases will remain with AirMall, AirMall Maryland. Once the contract terminates in '22 --

TREASURER KOPP: Right.

MR. SMITH: -- as we go through the transition there will be a temporary period where there will be direct leases with the Maryland Aviation Administration.

TREASURER KOPP: That's what I --

MR. SMITH: Until we hand them over to the new company.

TREASURER KOPP: -- was asking about. All right. So MAA will have direct relationship with the subcontractors after '22 while you are still --

MR. SMITH: For a very temporary period of time. We're talking about a few months.

TREASURER KOPP: And okay. So you assume that things will just continue as they have under AirMall, only you will be the representative, the agent of the State?

MR. SMITH: Either way, and again I don't want to get ahead of the assessment, but either way there will be some company representing MDOT and Maryland Aviation Administration with, and they will have subleases reporting to them. The MAA will not become a direct lessor for the program for a

long period of time. We don't think that that's the most effective approach to managing a program of this size.

TREASURER KOPP: And at that, in that interim --

MR. SMITH: Yes.

TREASURER KOPP: -- what will be your capacity to work with your agent on some of the issues which we brought --

MR. SMITH: When we've gone through this process before, and I've gone through it twice, here in Maryland in Cleveland, the role of the Airport is really just to maintain while the new company is coming on board. At that point we don't do anything significant to affect the program. We're simply maintaining until the new operator comes on board.

TREASURER KOPP: All right. So the question then is what are going to be the provisions? And that's what you're working on with a consultant?

MR. SMITH: The provisions that the MAA will assume as a direct lessor on a temporary period will be the same terms and conditions that they currently have with AirMall.

TREASURER KOPP: Do they have to be? Legally?

MR. SMITH: Well to do anything different would require some negotiation. It would create instability with both the subtenants and the prospective proposers. And again, our role is to really just maintain order until the new operator comes on board.

COMPTROLLER FRANCHOT: Madam Treasurer, could I just interrupt? If you're telling me

MR. SMITH: Mm-hmm.

COMPTROLLER FRANCHOT: If you're telling me that it's going to take you five years to put a bid out?

MR. SMITH: So we'll spend, we'll spend the better part of '18 completing our assessment. Then that will give us the framework that we need to begin to writing an RFP. It's going to take us the better part of a year to complete writing the RFP. Then we have to give the marketplace sufficient time to propose, because again this is going to be, this is a complex solicitation. So then once we put out the RFP and we make a selection, we then have to come to the Board for approval. And then we have to give the new operator or operators a transitional period to take over the program. And so yes, it takes substantial time to do that.

COMPTROLLER FRANCHOT: Yeah. That's, you know, way too long. We're not even going to, we may not even be here at the end of that process. So I would urge you to accelerate that and start the process as soon as you can. Because I think we deserve to have that. I, are you intending to bring more of these extensions before us?

MR. SMITH: It's not our intent but in the interest of full disclosure we currently have a six gate extension to our Concourse E. And once that is open

and we have a feel for what the traffic levels will be, the aircraft size and what traffic demand will be there, we will likely have to open one or two concepts there. I'm not suggesting that they may have to come to the Board because we may be able to do terms within the framework that the Board has set out. But yeah, we will have to do new concepts on our Concourse E extension.

COMPTROLLER FRANCHOT: Well I'm going to vote for these today --

MR. SMITH: Thank you, sir.

COMPTROLLER FRANCHOT: -- out of good faith that you are going to have another look at this and start this process earlier. It's just not going to site for five years. Because it was artificially granted years ago and it never should have been. And yes, do I like what AirMall is doing? Yeah, some of it is quite impressive. So I don't mean to be a critic. I'm talking about the principle. And it, I would encourage everyone at MAA to accelerate this. You've got the benefit of the experience that you've had in the previous consultant. If you can save some money and not go through all these hoops and hurry up the process, I think it would benefit the State.

MR. SMITH: Your point is duly noted, sir.

COMPTROLLER FRANCHOT: And that's important --

MR. PORTS: Well let me just --

COMPTROLLER FRANCHOT: -- particularly if you are going to bring more of these. That's going to, I mean, I have no idea what the Lieutenant Governor and the Treasurer feel.

LIEUTENANT GOVERNOR RUTHERFORD: Well --

COMPTROLLER FRANCHOT: But I just think this is a very extended process if you're talking about putting a new bid out five years from now.

MR. PORTS: Well --

LIEUTENANT GOVERNOR RUTHERFORD: Well the contract expires in five years.

MR. PORTS: That's it. That's the key.

MR. SMITH: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: So we have to, you know, we abide by contracts here. There's, you know, if there's a contract about the contractor, sending a message to the business community that if we have a contract that there is nothing that is wrong with that contract, we're making money off of the contract, the service there at the Airport in terms of the customer experience is wonderful. That they need to take their time to go through and make sure they do this procurement properly. I do not support breaking a contract when we don't have a reason, a legitimate reason for performance to just

say to a private company that we went into business with them in good faith, to say, we just decided we're going to do this because, because.

TREASURER KOPP: Well Governor, could I, I'm going to support this, Ricky. And I've supported you all and I flew into BWI a couple of weeks ago and it is terrific.

MR. SMITH: And you did not tell us you were coming.

TREASURER KOPP: And I will say I ate well, too.

MR. SMITH: You didn't tell us you were coming.

TREASURER KOPP: But I was there and it was -- I'll call you next time.

MR. SMITH: Okay.

TREASURER KOPP: But I think, you just said and the Assistant Secretary just said it will take a little time because you've got to see what's out there because things have changed. Right?

MR. PORTS: Yeah. But that wasn't the only reason.

TREASURER KOPP: Well that is what --

MR. PORTS: No, and I understand that's what he said and that's why I was going to pipe in. I was going to say exactly what the Governor said a few minutes ago. We have a current contract. And that contract was approved by the Board of Public Works. The previous Board of Public Works. I know some of you members may not have been here. But at that time they felt the need

because of the build out, and the amount of finances that people were going to put forth, that they needed that extra time to, one, get financing; and to make sure that they had a profitable business moving forward. The only reason that we're bringing you contracts now is for that very reason. It's either, one, a new build out, which is what he was just talking about with E; or a renovation that is so significant that they cannot get financing unless they get a longer term lease.

Now the promise that we did make to the Board was that we would not go past 2025 with any of those leases. That's what we did. But the current contract, as the Lieutenant Governor said, is to 2022 and we have no interest in breaking that contract that this time.

TREASURER KOPP: I hear you.

MR. SMITH: Yeah, just so we're clear –

MR. PORTS: The contractor --

TREASURER KOPP: Let me just say that contract also, when we approved that, and I was one of those --

MR. PORTS: Right. I know you are.

TREASURER KOPP: -- even though with some trepidation. I voted against it the first time.

MR. SMITH: Mm-hmm.

MR. PORTS: You did.

TREASURER KOPP: Last time I did for the extension, and I understood why, and I understand why you're having these provisions.

MR. PORTS: Mm-hmm.

TREASURER KOPP: Nonetheless, the simple point is it's all we were asking was to go out and take a survey of what is out there so that when you come back to tell us now how well we are doing, we know that we are doing well because of the model we have and not, and would not be doing better with another, with another model. And that's what apparently you decided, even though it was possible under the contract, not to do in 2017.

MR. PORTS: Correct.

TREASURER KOPP: And I still think that that was an unfortunate

--

MR. SMITH: Okay. A couple points --

MR. PORTS: That's a policy decision.

MR. SMITH: -- I just want to be clear. I didn't mean to suggest --

TREASURER KOPP: Well but you don't know until --

MR. SMITH: -- that it's our intent to take action before 2022.

MR. PORTS: Right. Right.

MR. SMITH: That's not the intent. The process that we have to go through to bring on a new contractor, if it's a new contractor, in 2022 requires a lot of front end work. And that's the work that I was --

TREASURER KOPP: Right.

MR. SMITH: -- referring to when I went through those steps.

MR. PORTS: Mm-hmm.

MR. SMITH: AirMall is doing an amazing job. The industry, our passengers tell us every day, every year, that they are very satisfied with --

TREASURER KOPP: Well you have the numbers before you and they have done terrifically well. There's no question about that.

COMPTROLLER FRANCHOT: But I return, it's the principle of what we've been operating under. I want you to prove it to us.

MR. SMITH: Okay.

COMPTROLLER FRANCHOT: And we'll just see how it all plays out, I guess. But are we going to hear from anybody else?

LIEUTENANT GOVERNOR RUTHERFORD: I don't see any reason to.

COMPTROLLER FRANCHOT: What?

LIEUTENANT GOVERNOR RUTHERFORD: I don't see any reason; I don't see any reason to hear from anyone else. We're either going to vote or we're not going to vote.

COMPTROLLER FRANCHOT: Well I would, I'd ask the Lieutenant Governor if there is someone signed up to speak our normal protocol is to allow someone to speak and I would find that a little unusual --

LIEUTENANT GOVERNOR RUTHERFORD: No, it's not unusual. But if you insist, we can have someone speak.

TREASURER KOPP: Governor, we have both said, the Comptroller and I, that we're supporting this item. But I too would like to hear --

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. But --

MR. SMITH: I will just for the record recognize that AirMall USA representatives are here as well.

COMPTROLLER FRANCHOT: Terrific.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. If there is someone who wants to speak, let's move forward.

MR. PORTS: There's two of us.

TREASURER KOPP: -- they signed up.

LIEUTENANT GOVERNOR RUTHERFORD: There is someone who signed up?

SECRETARY MCDONALD: Ms. Herbekian called and that's the only name on the list.

MS. HERBEKIAN: Thank you. Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MS. HERBEKIAN: Lieutenant Governor --

LIEUTENANT GOVERNOR RUTHERFORD: It's still morning.

MS. HERBEKIAN: -- Mr. Comptroller, Madam Treasurer, my name is Roxie Herbekian. I'm with Unite Here. It's a labor union that represents food and retail workers throughout the U.S. and Canada. We represent a large number of employees who work in airports in food and retail, such as the workers we're talking about that work under the AirMall umbrella at BWI Thurgood Marshall Airport.

I'm here to speak in opposition for the extension for two reasons. First of all, I do not believe a long contract such as this, which let's remember this contract was first entered into in 2004 with an expiration date of 2017. That 2017 date was then extended for five years, AirMall using the same argument they are using today, that they were going to be making capital improvements and needed more time. At that time the State said it would agree to that extension but they wanted to know that they could for cause or without cause from April 2017 on be able to put the contract out to bid and seek other bidders because there has been so much change in the industry. As the Comptroller said, the end of 2016 a number of major food and retail and airport management companies indicated they were very interested in putting in a bid and exploring doing some work at our Airport.

There has been a lot of innovation in this industry. A lot of you have maybe seen that if you travel a lot, where we now have companies such as OTG that you can sit in a place and order food and they will deliver from anywhere around the Airport. There's lots of things out there. The opportunity

for this Airport, because it is growing, is significant. It's one that a lot of the operators are interested in. So, one, we think that we are missing out. We're not really sure whether we've got the best deal for the State. When you measure the amount of money per enplanement that customers spend when they come into BWI, it is not as high as comparable airports and that's a good measure of the food and retail operation. Also we found in the -- so one area is are we getting the best deal?

The second is that the quality of the jobs at the Airport has been going downhill since the AirMall model was put into place. The jobs at the Airport pay on average less and they offer less in terms of benefits, affordable health insurance, now than they did 15 years ago. In two studies that Unite Here did of the Airport we found that African American workers were disproportionately in the lowest paying jobs. We've tried to engage AirMall on these issues and they've gone nowhere. We've found no improvements.

So this is now the third time that AirMall has come with a batch of contracts that they want to extend beyond their expiration date. The second time when we were here, which was I think about a year and a half ago or maybe a year ago, they said that was it. And now they are back with another amount. And now we understand there might be another. We're already above 20 percent of the Airport. So this is further and further entrenching AirMall and entrenching

their program, which is going to be a disincentive for other companies coming in who want to bid.

So I would like to recommend, Unite Here would recommend the following. There's three ways that, or four ways that we think the experience for the State and also the experience for the workers could be improved. One is that the contract be put out to bid as soon as possible and in that there be some protections for workers and for the State. For the State, protection in terms of there not being an interruption in revenue in the form of labor peace agreements being required. Next, you know we have a living wage law and it's supposed to cover workers who work for contractors of the State. But that has been sidelined with this model because it's a lease and so workers that are employed at that Airport are not getting the State living wage. We think there should be a requirement that they get the State living wage. And thirdly, that there is a provision for workers to have protection when the companies change. What happens at the Airport is when one company leaves and another comes in, there is still a need for bartenders and servers and cooks. But the existing workers are simply discarded. Or if they do start they have to start again from day one.

So those are the four recommendations. We would urge a no vote for those reasons and I thank you for your time.

COMPTROLLER FRANCHOT: Thank you.

MS. HERBEKIAN: Does anyone have any questions?

COMPTROLLER FRANCHOT: No. Thank you for your excellent testimony and thank you for signing up. And I'm sorry for the confusion. But I think your comments were terrific. And I appreciate them personally and thank you very much for putting them on the record.

TREASURER KOPP: Could I just say --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: -- I too appreciate your comments and your being here. I on the other hand do believe that at the last meeting we understood that there would be some more subcontracts coming between now and '22.

MR. PORTS: Mm-hmm.

TREASURER KOPP: Certainly for new gates and for other places where we expected investment to be made. The commitment was none of them would go beyond 2025. But I think we anticipated it. On the other hand, I do think that the items you put before us, the issues you put before us, are exactly those that I personally would like the MAA and MDOT to be looking at. I, like the Comptroller, am not quite sure it really takes as long as we've said. And I agree that the contract did provide for a look at 2017 --

MS. HERBEKIAN: Mm-hmm. Mm-hmm.

TREASURER KOPP: -- if the State chose to. And the State, as I understand from the Governor, did not choose to.

MS. HERBEKIAN: Mm-hmm.

TREASURER KOPP: So I'm going to continue to support this extension because it seems to me the way to keep the Airport going. But I think it was important that you were here and you lay out for us now to use among other standards as a standard to look at as the department goes forward with its RFP and its negotiations.

MS. HERBEKIAN: Thank you. And just in closing I think that, you know, there is an opportunity for the Board of Public Works, since you do have to be a party to these agreements going forward because AirMall is not going to be necessarily in place, to insert some of those standards. And that would be another option. If there's going to be more, it's a larger percentage of the Airport, can we insert requirements in terms of living wage jobs, labor peace, and worker retention at this juncture? Because these companies are going to be on the far end of that. So with a new RFP, which I would hope will include those standards, that will then apply as the company's contracts expire. But these contracts are going to be on the outer edges. And perhaps there's a way to include those requirements in these extensions. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. I think we can move forward. I don't, I mean, I know that the Airport would be willing to speak again but I think we've gone through this long enough.

COMPTROLLER FRANCHOT: I want this one voted separately.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well why don't we do it now? Do you have a motion?

COMPTROLLER FRANCHOT: No.

TREASURER KOPP: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Two approve, one oppose. Any other questions on --

COMPTROLLER FRANCHOT: And let me just explain my vote. I thought that you brought up some interesting, very important points. And once again I'm -- put it this way, mildly, not mildly, I'm quite angry with the whole situation as to whether someone who comes down here and signs up to testify on an issue is told, no, they can't. And that's the first time in my tenure that I've ever seen that. And thank you for being here. Thank you for raising those points. I think all of them should be put in as conditions for this and appreciate the eloquence of your comments. And I know I said I was going to vote for them. But I'm upset with that and I'm perfectly comfortable with agreeing with you that now these conditions should be imposed. Now. Not five years from now, maybe. Now they should be. I'm just not the Legislature so and I don't have that before us right now. But yeah, thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Good for you. So any other questions on Transportation's Agenda? Do we have a motion to

approve the remainder of the Agenda? No motion? We're not approving the Agenda?

TREASURER KOPP: So moved.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. There's how many in favor? There's two of us. All three are in favor.

COMPTROLLER FRANCHOT: With the exception of that.

TREASURER KOPP: Right.

LIEUTENANT GOVERNOR RUTHERFORD: With the exception of the one we voted on before. Okay. General Services?

MR. CHURCHILL: Well, good afternoon, Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for the Department of General Services.

Before I announce our formal Agenda, I'd like to bring to the Board's attention that Jane Bailey, our liaison to the Board, is reaching a milestone. She is leaving State service after 25 years of service to the State and this is her final BPW meeting. And she's been a great asset to us.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Can she come up?

SECRETARY MCDONALD: Yay Jane.

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: Thank you very much.

MS. BAILEY: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: We have a Governor's Citation for you and I will take a moment to read it. Be it known that on behalf of the citizens of this State in recognition of your 25 years of outstanding service and dedication on behalf of the people of Maryland, and your contributions to the Maryland Department of General Services, in appreciation of your professionalism, expertise, and commitment you have demonstrated throughout your distinguished career of State service, and as our citizens join in expressing our great respect and best wishes on this occasion of your retirement, we are pleased to confer upon you this Governor's Citation, signed this day, Lawrence J. Hogan, Jr., Governor, myself, and John C. Wobensmith, Secretary of State.

MS. BAILEY: Thank you.

(Laughter.)

MS. BAILEY: It's been a pleasure to serve the citizens of the State of Maryland. It's provided me quite an opportunity for my career and I've got to go let the young ones do it now.

(Laughter.)

MR. PORTS: There you go.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you again.

MR. CHURCHILL: The department has 19 items on our Agenda, including one supplemental. We are withdrawing Item 18 and we'll be glad to answer any questions you have at this time.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I see you're withdrawing 18 but I do want to point out that there are two typos in that item, the second line. So when you bring it back please have that corrected. The second line "fooprint," and then below that, "this building house and support." I think that is missing, maybe houses, and supports? I'm not sure what was meant. So --

MR. CHURCHILL: I will take the blame for that and not point out Jane on that one.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Okay. Question on -- well, I'm not going to worry about Disabilities. I was going to ask whether the people that, the Disabilities Office could be moved to the 15th Floor of State Center. But that's another question for a later time. Because the 15th Floor is not fully occupied. It will be? Okay. And then the Public Safety lease on 15. Are we, Nelson or somebody, are we soon to shut down the Guilford facility? The Guilford Avenue?

MR. CHURCHILL: Yes. We are very close to that. We have Wendy Scott Napier, Assistant Secretary for Real Estate.

MS. NAPIER: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MS. NAPIER: Wendy Napier. They are diligently working towards closing the Guilford location. Their goal is to be out of there by June 30, 2018.

LIEUTENANT GOVERNOR RUTHERFORD: Wow. And so what would happen with that facility? That building, for those who don't know, has been a problem for years, mold, anytime it rains, there's leakage, major problem. And the community hated the place.

MS. NAPIER: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: What's going to happen with the building? Do we know?

MS. NAPIER: We will be exploring but I think the ultimate goal is to probably look at disposing of the property and seeking a better reuse, probably partnering with the City to see if there is any interest there in the property.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Well that's good news. Because that was an issue for many years, that it's right beside the elementary school, a parole and probation facility. The community was very concerned about the people coming in --

MS. NAPIER: The traffic.

LIEUTENANT GOVERNOR RUTHERFORD: -- the challenges that occurred with some of the clients of the facility. And then in attempts to move it, no other community wanted it in their area. So --

MS. NAPIER: So they are moving a lot of the occupants there to other leased locations. They are absorbing them. So --

LIEUTENANT GOVERNOR RUTHERFORD: So no single place? They are being spread --

MS. NAPIER: Exactly.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Very good. Any other questions for General Services? Do we have a motion?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Favorable. Second.

LIEUTENANT GOVERNOR RUTHERFORD: All in favor. Thank you.

SECRETARY MCDONALD: Thank you. See you in three weeks.

Happy Thanksgiving.

(Whereupon, at 12:15 p.m., the meeting was concluded.)