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

**October 4, 2017**  
**10:12 a.m.**

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# PRESENT

**HONORABLE BOYD K. RUTHERFORD,**  
Lieutenant Governor

**HONORABLE NANCY KOPP,**  
Treasurer

**HONORABLE PETER FRANCHOT**  
Comptroller

**SHEILA C. MCDONALD**  
Secretary, Board of Public Works

**NELSON REICHART**  
Deputy Secretary, Department of General Services

**DAVID BRINKLEY**  
Department of Budget and Management

**JIM PORTS**  
Deputy Secretary, Department of Transportation

**MARK BELTON**  
Secretary, Department of Natural Resources

**ALBERT BULLOCK**  
Assistant Secretary, Department of Information Technology

**JIMMY RHEE**  
Special Secretary, Governor's Office of Minority Affairs

**MISSY HODGES**  
Recording Secretary, Board of Public Works

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# PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

ALL: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: I apologize for the delay. I just want to say first of all that of course all of our hearts and prayers go out to those in Las Vegas who were victims of a mad person. I refuse to say that person's name. But we are very concerned about what is going on there. And of course, the recovery efforts in Puerto Rico, and not forgetting the folks in South Florida, or Florida, as well as Texas.

That said, we have a full Agenda. I promise not to make this a record-breaking, the last record that was set for a Board of Public Works. So with that in mind, I'll turn to the Treasurer.

TREASURER KOPP: Good morning. I don't know there's much I could add, except we live in tragic times. And --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- I am sure that we each in our homes and in our communities, working with neighbors and families, are doing what little we each can do to help out the community, both immediately here and in other parts of the world and America. It is interesting, perhaps, one little bright ray of

sunshine is that more people realize now is that Puerto Rico is in fact part of the United States of America --

LIEUTENANT GOVERNOR RUTHERFORD: And the U.S. Virgin Islands.

TREASURER KOPP: -- but that hardly makes up for the tragedy. And the madness of that shooter.

LIEUTENANT GOVERNOR RUTHERFORD: Yep.

TREASURER KOPP: But on the other hand, Governor, it's a beautiful day here.

LIEUTENANT GOVERNOR RUTHERFORD: It really is.

TREASURER KOPP: The start of the most beautiful season, in my mind. And we're very fortunate to be here.

LIEUTENANT GOVERNOR RUTHERFORD: When I lived in California for a good period of time I missed the fall. That's what I missed.

TREASURER KOPP: You know, actually my folks moved back here from the San Francisco peninsula after about four or five years because they missed the change of seasons.

LIEUTENANT GOVERNOR RUTHERFORD: Yep. I missed the fall. Because it's, in Southern California it's spring and summer, basically.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Spring and summer. Because it grows all year round. So, you know, I remember when I came back and my, it was cherry blossom time. My dad was talking about, oh, are you going to go see the cherry blossoms? I said, you know, the cherry blossoms are really because winter is over. You know, I was living in L.A. Winter is never winter unless you go to the mountains. So, Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you. Thank you, Governor, and Treasurer. I was in California a couple of weeks ago and I said to someone, it was a day just like this, and I said, boy, it's really nice weather. And their response was, yeah, just like the 90 last days exactly like it.

(Laughter.)

COMPTROLLER FRANCHOT: So I like the variety. I agree with the Treasurer. And I would like to echo the sentiments, Lieutenant Governor Rutherford and Madam Treasurer that you just made about the horrific tragedy that occurred in Las Vegas three days ago. I'd like to convey my sincerest sympathies to the victims and the families whose lives were impacted by this senseless act of violence and hatred.

Like so many Americans who woke up Monday morning to this heartbreaking news, it was difficult to watch the video footage and listen to the gut-wrenching reports from the massacre that has killed at least 59 people and wounded more than 500, including 27-year-old Tina Frost from Crofton who was

shot in the face, lost an eye, and I believe is still in a coma. I see County Executive Schuh here, and I see the Mayor of Annapolis also. And obviously coming from Anne Arundel County, everything that they have said about Tina being a soccer star and a leader in this county and in this State, we wish her a speedy recovery.

But I do think that we as a society simply have to do better. We have to rise above the partisanship and once and for all address what can only be described as an epidemic of gun violence unique to the United States that has killed tens of thousands of our fellow Americans. To be sure, Congress needs to stop dragging its feet and finally pass comprehensive gun laws that enact common sense reforms, restrictions, and requirements that keep our community safe. And anybody who listened to those tapes, I spent a couple of years in the Army, but that was machine gun fire. Really. That was not, that was the -- well, yeah, that's something out of Vietnam.

So we need to do gun control but there's a second part of this argument which if we don't do, if we don't address it I think we can't get the problem completely covered. And that is that we need to get serious about the grossly inadequate mental health services that plague so many of our communities. Because absent of a robust, accessible, and viable mental health care system in this country we're never going to be able to truly say that we're



doing our best to prevent future tragedies like Las Vegas, like Orlando, like San Bernardino, like Sandy Hook.

My wife Annie and I continue to mourn and pray for all those who died and those who were wounded from this unexplainable tragedy. It's my sincere hope that the horrific events in Las Vegas will inspire our nation to work together and inspire our federal lawmakers, particularly, to join and come together to prevent these tragedies from happening again in the future. And Lieutenant Governor, thank you for letting me speak.

TREASURER KOPP: Well stated.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Well stated. And I really appreciated your point about mental health. That is a major issue. And actually one of the items in the Agenda. I'm going to ask a question on that. But we'll wait, as everyone looks at how many tabs I have in the book.

TREASURER KOPP: The lack of necessity for machine guns and automatic guns to be circulating around in our community, I, the Comptroller in a former life was a great advocate and leader in gun control with that.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well Madam Secretary?

SECRETARY MCDONALD: Good morning, Governor. I would like to say that some of you read about it in the newspapers all the time, and you know how terrible it is, but my family lived next door to Tina Frost for 19 years,

two doors down from Tina Frost. And my daughters played with Tina Frost and her sister Megan Frost for years, and I have lots of pictures of her as a little girl. So I'm very glad that Tina is alive but it is really shocking, shocking when, you know, you, it is your next door neighbor for 19 years. All right. So all good karma to Tina Frost out in Las Vegas, and her family --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

SECRETARY MCDONALD: -- from Anne Arundel County and the State of Maryland.

We have 15 items on the Secretary's Agenda. We have four reports of emergency procurements. We are prepared to take your questions.

TREASURER KOPP: Governor, I have one question about Items, just an education for me, Items 6 and 10.

SECRETARY MCDONALD: Okay. I don't know. Is --

TREASURER KOPP: They are loan forgiveness. Maybe, I don't even need them answered right now.

SECRETARY MCDONALD: Okay.

TREASURER KOPP: But loan forgiveness under the Drinking Water Revolving Act Program.

LIEUTENANT GOVERNOR RUTHERFORD: I believe Secretary Buhl, do you want to --

SECRETARY MCDONALD: I do think that Secretary Buhl is here. I didn't know if --

TREASURER KOPP: Well maybe, Lynn, you can bring the --

SECRETARY MCDONALD: Yeah, I, I can, no I was waiting for your question. But I mean Secretary Buhl is here. We can take this.

MS. BUHL: And I also have Walid. I would like to say with some sorrow that our very excellent manager of the Water Quality Financing Program Jag Khuman --

TREASURER KOPP: Oh, yes --

MS. BUHL: -- retired last week.

TREASURER KOPP: Yes --

SECRETARY MCDONALD: Oh that's --

MS. BUHL: -- was a tremendous asset to the department and a deal maker, in a good way. So I mourn him right now, at the moment. I think Walid can answer some questions --

TREASURER KOPP: Well since you mention it, let me --

MS. BUHL: -- if you'd like to.

TREASURER KOPP: -- let me tell you a little story. I went with the World Bank for a national debt conference in Chengdu, China, little China, couple of weeks ago. And they were talking about general obligation and revenue debt. And there was a fellow who was the head of the Revenue Debt Association,

or something like that, America, and he started talking about Maryland's program and Jag.

MS. BUHL: Oh my gosh.

TREASURER KOPP: In Chengdu, China, to representatives of the 31 provinces of China, and about how terrific Jag is.

MS. BUHL: Wow.

TREASURER KOPP: And I broke the news to him and he was devastated and said his entire professional community would be, and I said we are, too.

MS. BUHL: Thank you --

TREASURER KOPP: Not that there's not a great future --

MS. BUHL: Right.

TREASURER KOPP: -- but Jag is just a tremendously brilliant, talented guy.

MS. BUHL: Right.

TREASURER KOPP: And but I'm sure this is a question that you all can answer. There, if not now, later.

MS. BUHL: Okay.

TREASURER KOPP: These are both loans to local communities for very worthy projects under the State Water Revolving Loan Fund.

MS. BUHL: Mm-hmm.

TREASURER KOPP: And the counties have to pay back at an interest rate of 25 percent of the average of the Buy Buyer 11-bond index for the month preceding the loan closing. And on number six, Harford County pays back .8, what amounts to .8 interest over up to 30 years. And in 10 Prince George's County pays back .7 percent over 30 years. That's a little difference, but over 30 years it can add up to significant sums. And I'm just curious since they are both on the Agenda at the same time.

MS. BUHL: This is Walid Saffouri.

MR. SAFFOURI: I manage the Engineering Capital Projects Program. The reason you have different interest rates and it also includes loan forgiveness, it is all based on determining whether the community, the service community, is a disadvantaged community. And we decide that by several factors: the median household income; the unemployment rate, if it's higher than the State; and also like in the example of Harford County, there, after calculating the user rate after the project, if it goes above one percent of the median household income then we provide additional subsidy in order to mitigate the impact on the user rate. So it's mainly based on the, determining whether the community is disadvantaged or not.

TREASURER KOPP: So it's despite the fact it says that an interest rate of 25 percent of the average Bond Buyer rate, it really isn't that? It's, that is a base and then that's altered --

MR. SAFFOURI: That's the base. So the actual rate would be .7 percent.

TREASURER KOPP: Well I would suggest this doesn't make that clear. I get the concept.

MR. SAFFOURI: Yeah.

TREASURER KOPP: I have no problem with the concept. But this language doesn't make, this language makes it look as though the only thing I could figure out is somehow they closed at different times but were just reported at the same time --

SECRETARY MCDONALD: Well I actually think that this, I think that the first one is what I've always gone on in these items. That they will repay it at the 25 percent of the average of the Bond Buyer 11-bond index.

TREASURER KOPP: Right.

SECRETARY MCDONALD: That subsequent sentence in both of them seems to be a description that has nothing to do with the item. It says, based on this formula recent loan recipients have received a .8 or a .7. It seems like there's just an inconsistent thing there.

TREASURER KOPP: Yeah.

SECRETARY MCDONALD: Because what happened recently --

TREASURER KOPP: Right.

SECRETARY MCDONALD: -- but that's not the statement of what their interest rate is going to be at all. It's that 11 Bond Buyer, 11-bond index. Which I guess he's telling us is not actually accurate.

MR. SAFFOURI: It's mostly an estimate based on what we have, based on the current rate. But the rate can change between now and closing the loan --

TREASURER KOPP: Well is there some way that we can be notified at closing of what the actual rate is?

MR. SAFFOURI: The actual --

TREASURER KOPP: So that the record is clear?

MR. SAFFOURI: Sure. I'd be, after the loan closing we can notify you that what was the actual rate.

TREASURER KOPP: Because I think it's, I'm not saying it's intentionally misleading.

MR. SAFFOURI: Yeah.

TREASURER KOPP: But it's --

MR. SAFFOURI: It's close to the, this is going to be close, upon closing we don't expect the interest rate to change significantly. So this, it's going to be close to that number.

TREASURER KOPP: Maybe just a quarterly report bringing us up to date? Because we approve of these --

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MR. SAFFOURI: Sure.

TREASURER KOPP: -- quite often.

MR. SAFFOURI: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: I mean, even with this language it could be even to say --

TREASURER KOPP: It could be anything.

LIEUTENANT GOVERNOR RUTHERFORD: -- as of this date it was .8 percent, and then the other would say as of a different date it was .7 percent.

MR. SAFFOURI: Yeah. What happened here, the Board Agenda was drafted at a different date, and that date it was signed, you know, something and the other date --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. SAFFOURI: -- it was something else. But eventually they will both get the same rate if they close at the same time.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you very much.

MR. SAFFOURI: Okay? All right.



MS. BUHL: The point is well taken, though, that we'll make sure that the description is not confusing. Is there anything else?

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. SAFFOURI: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions?

COMPTROLLER FRANCHOT: Item 15.

SECRETARY MCDONALD: Item 15 is the Public School Construction Program. This is a school in Washington County. Mr. Gorrell is here. And the Washington County Commissioners want to sell the former school building site at Conococheague, is that right, Elementary School.

MR. GORRELL: Okay.

COMPTROLLER FRANCHOT: Thank you, sir, for being here. I don't have any particular objections to the sale. But I was wondering if we had a representative from the Washington County School System here?

SECRETARY MCDONALD: Mr. Gorrell, do you have --

MR. GORRELL: Oh, I do not know.

COMPTROLLER FRANCHOT: Nobody is here? Okay. So let me, I'm not going to ask you, Mr. Gorrell, but I am going to comment on an article I saw last week in the paper out in Washington County. And I'll hold off on specific questions until the October 18th meeting. But I did want to express

my concerns about this article published in the *Herald Mail*, which reported that the Washington County Public School System is considering a proposal to contract with a collection agency to go after parents whose children have negative balances on their school meal accounts. Being humiliated and harassed by tax, not tax collectors, but by collectors, are the last thing that families who are experiencing financial hardship need. And I sincerely hope that children are not being denied meals or going hungry in school simply because their parents are not or are unable to settle up school meal debts. And as, you know, not that I remember everything from my school days, but I would think a letter, sealed letter from the principal back to the parents saying, by the way, you know, I'm sure you've overlooked this, most of that will be settled up. And the ones that are not responsive probably can't be responsive. And the idea of a collection company, and I use these people obviously in my agency's responsibilities, but they are not a particularly empathetic group. And I hope we can get some answers when Washington County school officials appear before the Board at our next meeting. I'm not asking you --

MR. GORRELL: I will relay that to them, though, Comptroller.

COMPTROLLER FRANCHOT: -- but if you could tell them to explain what exactly is going on.

MR. GORRELL: Yes, sir.

COMPTROLLER FRANCHOT: Thank you, Governor.

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LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. GORRELL: Thank you, members.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

SECRETARY MCDONALD: All right. Can I just correct a misstatement, Governor? I, we have actually six emergencies on the Secretary's Agenda this morning. We had added two hand-carried emergency reports yesterday.

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

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: I just in general, I just we'll, do we have an ongoing mold, I mean, do we wait for people to complain about mold? There are all these mold related things.

MR. REICHART: The mold related problems come about in the buildings many times when the humidity levels in the building go off. And when you have a summer where you have variances like we had this past year, high temperatures and then, you know, wet seasons, it becomes very hard to control and especially if people open the windows in a building because it's either too hot or too cold in an area. It throws the balance of the system off. And it creates an environment where mold can increase and especially --

TREASURER KOPP: I understand mold.

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MR. REICHART: Yeah.

TREASURER KOPP: My question was do we have an ongoing, how do we know about problems?

MR. REICHART: We generally --

TREASURER KOPP: The answer is, we get complaints?

MR. REICHART: -- until it's reported you generally don't know about it because --

TREASURER KOPP: So there's --

MR. REICHART: -- many times it's behind ceiling tiles or behind a wall. And until it becomes a known entity then we can address it.

TREASURER KOPP: Well you could address it earlier. You could. I mean, people do have inspections --

MR. REICHART: We can do inspections but it would be, it would be a pretty significant exercise given the number of buildings that, you know, get reported to us and that we have to cover on a statewide basis.

TREASURER KOPP: Right. Well I probably shouldn't go there. But just to say --

MR. REICHART: Yeah.

TREASURER KOPP: -- that there are different ways of responding. One is waiting people to get upset enough to call and the other is to try to do something in a proactive way. And I guess because of costs --

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LIEUTENANT GOVERNOR RUTHERFORD: Well some of the, some buildings, at least I know from my days at DGS, we knew were particularly problematic buildings.

TREASURER KOPP: Right --

LIEUTENANT GOVERNOR RUTHERFORD: And so we would go to those buildings and try to make, you know, repairs and adjustments where we could. I think Hilton Street, I think, was one --

MR. REICHART: Hilton Street was one.

LIEUTENANT GOVERNOR RUTHERFORD: -- was a terrible building. And some of that was due to roof, there was leaks in the building. And so there were some issues there.

TREASURER KOPP: Well, and it's very hard to get rid of it.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

MR. REICHART: It is.

TREASURER KOPP: So, you know.

LIEUTENANT GOVERNOR RUTHERFORD: But it is, as you said, there is a resource issue in terms of being able to check every building for everything. But when you know that you have water or you know that you have some kind of a problem you can double check for that as well.

MR. REICHART: And when we identify a building that is an issue, we do kind of keep a tighter eye on it.

LIEUTENANT GOVERNOR RUTHERFORD: Right. Like the Hilton Street --

MR. REICHART: Like Hilton Street. And, you know, we --

LIEUTENANT GOVERNOR RUTHERFORD: -- to get rid of. But no one has an answer for where the people would go that are there. It's a Parole and Probation place. The community doesn't like it. But no money, there's no place else to put it.

TREASURER KOPP: I was just curious if there were --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We have a motion to -- okay. I can second that.

TREASURER KOPP: Oh, okay.

LIEUTENANT GOVERNOR RUTHERFORD: Unless you had more questions on it?

TREASURER KOPP: No.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I'd say we're all in favor. Okay. Thank you. Department of Natural Resources?

MR. BELTON: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Mark Belton, the Secretary of the Maryland State Department of Natural Resources. And we have 13 items on our Real Property Agenda for your approval this morning.

LIEUTENANT GOVERNOR RUTHERFORD: I want to ask about Item 1A. It looks very familiar to me.

MR. BELTON: I believe you were the Chair of the BPW meeting the last time this was brought up and deferred.

LIEUTENANT GOVERNOR RUTHERFORD: Were both of the items? Or was it just the second and Annapolis Nature Area?

MR. BELTON: It was just the second one.

LIEUTENANT GOVERNOR RUTHERFORD: Just the second? So now it's the --

MR. BELTON: We do have representatives of the City here who can answer any questions if you'd like.

LIEUTENANT GOVERNOR RUTHERFORD: No. Good to see you, Mr. Mayor. I'm not going to ask any questions. I know what it's all about. I still don't like it. But I'm not going to stand in the way of it going forward. So I just wanted to say that. Oh, I see Bruce Bereano there with the state socks on.

COMPTROLLER FRANCHOT: Yeah. I wonder if we could just hear briefly from the County Executive and the Mayor, since they're here?

LIEUTENANT GOVERNOR RUTHERFORD: Tag team.

MR. SCHUH: Good morning, Governor Rutherford, and Treasurer Kopp, and Comptroller Franchot. Nice to see all of you. And Mr. Franchot,

thank you very much for your kind comments about Tina Frost. And we'd ask everyone to keep her in their prayers.

Thank you for allowing the Mayor and me to appear today. We appreciate the opportunity. The citizens of Anne Arundel County understand and appreciate the beauty of Quiet Waters Park here in Annapolis, and the city's project next to the county's park will add to that experience and add much needed preserved land to the Annapolis Neck. Residents here will be able to enjoy a natural recreation area with environmentally sensitive trails linked to Quiet Waters' trail network, a fitness trail with exercise stations, and environmental education stations and other outdoor amenities.

Our administration is committed to improving the quality of life for citizens in Anne Arundel County by improving our recreational infrastructure. This new park and recreation area will do just that. And as a demonstration of the great partnership between the city and the county to enhance our citizens' living experience, we ask that the State set aside the needed funds to ensure this park improvement can become a reality. Thank you very much.

MR. PANTELIDES: Good morning. It's an honor to be here with all of you and everyone in the audience.

Just a quick overview on the project. This was something that the city initiated. There was a massive development that was happening and the citizens were very concerned about the traffic, the detriment to the environment.

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The City initiated the negotiations and asked if we could purchase the land from them to help with stormwater management, as the County Executive alluded to, continuing that part forward. So we're going to purchase 22 acres of land that are priority forest areas right next to Quiet Waters Park. And so we think it's a win-win for the community keeping that green space open. Thank you.

COMPTROLLER FRANCHOT: Thank you very much. And I just appreciate both of those statements. And Lieutenant Governor, I shared some of your concerns when I first looked at this. I think I supported you in putting it off. But I was also confused as to why the identity of the developers was so hard for my office to come up with. But apparently yesterday, it is Mr. Myers and Mr. Macks and Mr. Fidler. I have no problems with developers at all. I just was concerned that nobody seemed to be able to mention their names. And it sounds like a good project that's supported by the City and the County. And obviously these are high quality developers. So I'm happy to be supportive.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: And I give their names just because I publicly asked for them and couldn't get them. And now all of a sudden they are here, which is great. I'm happy that there's a little, you know, not that there was not transparency. But that's the only reason I mention their names.

LIEUTENANT GOVERNOR RUTHERFORD: It just took a little while. They had to wipe the screen, you know, clear it so you could see through it.

COMPTROLLER FRANCHOT: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. 13A -- I mean, are there any other questions on that?

COMPTROLLER FRANCHOT: No.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. 13A is the Rural Legacy Program and grants. I believe there are a number of people here with regard to this program and grants totaling \$23.3 million being awarded in multiple counties throughout the State.

MR. BELTON: If I might, Lieutenant Governor?

LIEUTENANT GOVERNOR RUTHERFORD: Yes. I'm sorry. Go ahead.

MR. BELTON: Just to mention this, several years ago in the first year of Governor Hogan's term, he sponsored legislation, House Bill 462, which significantly increased the amount of funding going to transfer tax land conservation programs. And as a result of that bill, \$9 million of this \$23 million today we were able to include in the Rural Legacy grants. So you can see nine of 23 being a significant portion. We're really able to deal with a backlog of requests in this program. You pointed out 17 different grants, \$23 million. That's

really monumental and is a great boon to our land conservation programs throughout the State of Maryland.

LIEUTENANT GOVERNOR RUTHERFORD: Are the individuals standing in the back on any --

MR. BELTON: We do. We have our sponsor awardees here today and we would love a picture with the Board, if that would be --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Where should we line up?

It's up to you.

SECRETARY MCDONALD: -- have them walk in a line up here.

MR. BELTON: Yeah.

SECRETARY MCDONALD: Start, if you're in this group, come walking up this aisle, everybody else follow --

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Any other -- oh, excuse me. Any other questions on Natural Resources?

TREASURER KOPP: That was neat.

LIEUTENANT GOVERNOR RUTHERFORD: Do we have a motion on Natural Resources?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All right. All in favor? All right. Department of Budget and Management.

MR. BRINKLEY: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. David Brinkley, the Secretary of the Department of Budget and Management. Before I move on I'd like to point out that just yesterday it was identified that a young woman from Hagerstown, Kristin Bollinger is 21. She, too, was severely injured. In fact, her family didn't know she was injured until yesterday and her mother works with Frederick County Commissioner, I guess now we have a Council, Frederick County Councilman Tony Chmelik. And so his, for his firm, and so our thoughts and prayers are also with them. In fact, the young man that worked with her was in fact killed. So more information I guess to come.

Our department has submitted 15 items for you Agenda. Items 15-S through 15-S-MOD are hand-carried. We're prepared to address any questions that you might have.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Before we get to the retroactives, I have a question on 8-S, Human Resources, or Human Services.

MR. BRINKLEY: Okay. That's Greg James, Deputy Secretary, and Roger Lewis, the SSA contracts and monitoring manager.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

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MR. JAMES: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: I guess you're supposed to identify yourself.

MR. JAMES: I am Greg James. I am Deputy Secretary for Operations at the Maryland Department of Human Services.

LIEUTENANT GOVERNOR RUTHERFORD: My question is you had, this one has to do with two individuals, two young people who are out-of-state placement. And this goes to what the Comptroller mentioned earlier, that it states that one of the young people are going to age out during the option year. What happens once that child ages out?

MR. JAMES: So when a youth ages out, there is a transition plan for that youth in terms of either reunification with the family or moving to an adult program that's appropriate for them. You know, it varies on a case by case basis. But at this point we only, we actually only have one youth remaining at this program because one of the youth did transition back to Maryland and we're working with the family there on services for that youth.

The youth who is at the program now, we anticipate within the next year that they are going to be able to reunify with their mother who has actually moved from Maryland to New Jersey. The program is in the Philadelphia area. They moved to New Jersey so that they could be close to their child and work on that reunification process and be an active participant in their therapy,

which is one reason why we believe on balance that maintaining this placement was appropriate for this youth at this time.

LIEUTENANT GOVERNOR RUTHERFORD: I guess it goes to just the question of, you know, mental health. Is there an assessment that's done before that child reaches 18? And then there's some --

MR. JAMES: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: Because, and this is a gripe that I've had with how we do it. And it goes to our healthcare and HIPAA. Is that for 17 years and 364 days, the parent can direct treatment for their child, they can get information with regard to the child, and a family member can do that. As soon as they hit 18, that stops. Like all of a sudden that person is capable of making their own decisions when a day before they weren't. But, you know, they hit this date that they can. And so that was my concern when I saw the age out. That, you know, that there's some process that does an evaluation of this child before they hit that date so that there is an assessment to say that they still need to have a certain amount of care. They may be a danger to themselves or others, or just not able to care for themselves.

MR. JAMES: So we actually start transition planning for our youth at 14.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. JAMES: By law, that's when we start working on the transition plan. It had been our practice but we changed the law recently. It has not always been a perfect process. What I will say is in the past year we have done a tremendous job of improving our coordination with our sister agencies at Behavioral Health and Developmental Disabilities Administration. So at least for the youth in the Developmental Disabilities side, what we are now starting to do is proactively work with them and transition the youth before they hit their age out point. Which is they can check themselves out of service at 18, but we actually continue to provide service for foster youth until they are 21. So those youth in our care, we go up to 21. But we work to, if it looks like they are going to be transitioning into a Developmental Disabilities adult program, we look for an opportunity to have that youth transition well before they turn 21 so that there is a smooth transition instead of what had been occurring previously, which was a youth would hit 21, or be a few weeks before 21, and all of a sudden people started --

LIEUTENANT GOVERNOR RUTHERFORD: Twenty-one or 18?

MR. JAMES: Twenty-one for most of the foster youth who would fall under this.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay. All right.

MR. JAMES: Maryland has been at the forefront in terms of extending the length of stay in foster care for just the issues you recognized.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. JAMES: That we realized that kids at 18 don't necessarily, aren't able to provide for themselves and necessarily make the best decisions. Legally they are adults and they can check out of the program if they are competent. But we continue to offer services until they are 21. So with the Developmental Disabilities folks, we don't want to wait and just have a phone call the week before and say, hey, you're going to need to pick up this kid. And by the way, they'll be cut off from all the supports and the services and everybody that they knew and be starting over cold with a new program. We want to have that be a six-month or a one-year transition between our two different programs so that the youth can become acclimated, we continue to provide services even as they are getting to know that new team that's going to be working with them at Developmental Disabilities. We're working on the same types of transitions with Behavioral Health for youth with mental health issues.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

COMPTROLLER FRANCHOT: Yes, I'm glad you brought this item up. And I'll just note for the record that I had an excellent meeting with the interagency work group led by Mr. James and Ms. Page recently. And that group



has been working diligently to identify solutions to bring 38 children currently in out-of-state treatment facilities home to Maryland.

I was delighted to hear that progress is being made on the issue. I'm a little disheartened that the department has yet to come up with a plan to bring all of these kids home, especially since we've learned about a number of disturbing and horrific incidents of abuse and neglect at some of the out-of-state facilities that house and are entrusted with the care of these young Marylanders.

That said, I did want to ask the department if they were aware of the fact that Foundations Behavioral Health in Doylestown, Pennsylvania, one of the three out-of-state providers recommended for a contract award today, was fined by the U.S. Occupational Safety and Health Administration last year for what sounds like a number of very serious violations. According to news reports this organization, a subsidiary of United Health Services, was fined \$37,000 for "failing to protect workers from physical assaults by patients, for failing to conduct an annual review of its blood-borne pathogen program, and to provide appropriate training for registered nurses and mental health technicians." Was the department aware that United Health was fined for these violations? And can you tell us how many Maryland residents are currently under the care of this treatment provider?

MR. JAMES: Thank you, Mr. Comptroller. And thank you for the meeting last week. That was very helpful for us as well. Currently we have one

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Maryland youth who is placed at Doylestown. The department was aware of these, of the fine and the issues raised by OSHA. With all of our out-of-state providers we are in close contact with their licensing entity within the State of Pennsylvania, in this case. And we discussed this incident and we discussed these allegations. The program since that fine and that finding by OSHA has put in corrective action measures and has addressed the issues so that we believe that it remains an appropriate placement for this youth. We have also increased our monitoring of out-of-state programs, both in terms of the social worker's direct visit with the youth and our contract monitoring, which goes out on a quarterly basis to make unannounced visits to the programs. And at this time we still have confidence in this program.

COMPTROLLER FRANCHOT: Excellent. Thank you for that. Obviously I just want to reinforce my position that we should bring all of these children home to Maryland so they can receive the care that they deserve and locally at treatment facilities that can be monitored by Maryland agencies. And I know you have trips that visit these out-of-state facilities. But my view is that out-of-state placements and the dangers they pose to our children are well documented. And obviously I've brought these concerns up in meetings at this Board level. I'm not going to relitigate those concerns. But I want to make sure that the department continues to monitor what's happening at these out-of-state facilities and that the agency remains confident that the Maryland children placed

there will be adequately cared for until we can bring them home to Maryland.

Thank you, Mr. James.

MR. JAMES: Thank you, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. JAMES: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Secretary, you mentioned that you have a number of retroactive contracts that are on your Agenda. They are MTA related?

MR. BRINKLEY: They are.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Comments from Transportation?

MR. PORTS: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: Because we have a number of them that are in different agendas.

MR. PORTS: Yeah, that's actually what I was going to say. We have some on this Agenda, and I think it's 11 of your 15 items, if I'm not mistaken. And then we have some on the, MDOT's Agenda.

LIEUTENANT GOVERNOR RUTHERFORD: And General Services.

MR. PORTS: And General Services, you're right. And so we're spread all over the State. But no, I'll be glad to answer any questions you might have on any of the agendas.

LIEUTENANT GOVERNOR RUTHERFORD: Well I understand that corrective actions have been taken. Would you explain those? Or did you want to have Mr. Zimmerman --

MR. PORTS: Absolutely. No, I can, I can address many of those. Okay. So and we talked about this at the last BPW meeting. Also when the Comptroller had some questions about some other retros that we had brought last time. And you know all too well, Lieutenant Governor, that the Governor, Governor Hogan, recognized that procurement was a problem statewide and had been for many, many years. And that's why he appointed you to lead the workforce and the task force for procurement changes.

I know that you and your group have made sweeping changes and I want to assure you that Secretary Rahn has also done the same thing in our department. I also want to mention, and I know you know this, that much of this has been going on for a lot of years and we inherited a lot of those problems. We made a lot of changes with regard to policy, procedures, and personnel. Through those changes we have discovered and we are continuing to discover, quite frankly, a lot of the inconsistencies. And we're addressing them as we discover them. Obviously by bringing them forward to you at the BPW.

One of the things that Pete Rahn has done in probably the last four or five weeks is that he has asked Mike Zimmerman, the Procurement Director for the Secretary's Office, to take over and manage MTA's procurement operations. He felt that we needed to get a thorough review of the gaps at MTA and make sure that we are assessing all the potential needs at the MTA, which might include training, taking a look at the timelines, stopping the inconsistencies, and quite frankly how to get MTA back on track. And based on early assessments, we began I think what's going to be a model for the State, a procurement academy.

The procurement academy was begun to help the shortfalls that we have in the procurement field, sort of like the same shortfalls in IT and engineering. We believe by giving State employees, current State employees, the opportunity to train in the procurement field, it's going to be a, it's going to end up being a win-win for us. Because one, it will help the gaps, the shortages in procurement. And it also gives employees the opportunity to create a new career path for themselves. And so, again, we look at that as a win-win.

The next step in the, what we would still dub the procurement academy, is to try and make sure that all of our procurement agents have the same level of training because we're going to create a training program for everyone. That training program would, one, bring them up to the same level; and then two, continue to train people as we move forward on any changes in laws or regulations that we would have through legislation or regulatory changes.

We also recently purchased some software that will track these items more effectively. We expect that moving forward we're going to get a better grasp on procuring items on time and paying our vendors on time, which is what the Comptroller brought up last time. We're developing an RFP right now for RFID, which is radio frequency identification. The first step of that RFID RFP is going to be for inventory control under the control agency of DGS. You know, we have that, we have to control our inventory. So the first part is going to be inventory control because we've had some challenges in that area. The second part is going to be expanding that to our parts inventory control. And so we believe --

LIEUTENANT GOVERNOR RUTHERFORD: You're doing this across all the modes? Not just --

MR. PORTS: We're doing it across all, all the TBUs, what we call transportation business units, now. We're doing it all across the TBUs. This is an MDOT-wide effort.

LIEUTENANT GOVERNOR RUTHERFORD: And do all the TBUs realize that they work for MDOT?

MR. PORTS: Oh yeah, they do now.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: There has been a history, for those that are unaware, that the units used to think that they were independent entities. And so that's --

MR. PORTS: Until Pete Rahn came along.

(Laughter.)

MR. PORTS: And as you know, we have had the Accelerator, which Pete Rahn started. So what we're --

LIEUTENANT GOVERNOR RUTHERFORD: Let me interrupt you.

MR. PORTS: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: I want to mention that Bob Gleason, who is here, Bob, can you stand up just for a moment? Bob was hired as the Senior Procurement Executive. And I know he's had conversations with Mike Zimmerman. And one of his tasks, his early tasks, he just is a month and three days on the job, is to look at our training and lack thereof. And I asked him to talk to Mike Zimmerman because we know that you have a training program. And a lot of this is lack of training, management, contract management issues. As you mentioned, a number of these contracts may have been originally let in 2013 and some of the commodities were earlier. But the contracts expired. And people were continuing to use these contracts. And so that's a major, and in some cases didn't have a contract.

MR. PORTS: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Which is we're calling up someone. I know also the MDOT, or the Department of Transportation's auditors are taking a look at this and so I'm glad that they, that the secretary has asked the auditors to take a closer look at what's going on along with taking responsibility for oversight, bringing into the Secretary's Office. I know Mike Zimmerman. He was on our commission, or at least was the designee on the commission. And so I'm appreciative of that.

But it is very troubling in terms of what's going on. When I look at 11, starting with that one, the previous contract expired in '14. Inappropriate change orders were used to continue to fund this contract and extend the contract without supporting documentation. A new contract was in late 2014. Others that are somewhat similar, you know, we need to find out why that happened, how that happened. A couple of these vendors, they were denied SDAT issues. The contract is trying to get in compliance with SDAT. I guess that means they are not paying their taxes or something. So there is some real trouble.

And I even have a question for Budget and Management on this, because some of their what I would call boiler plate language, and I'll start with 12, yes 12 has it. That it says the retro contract, retroactive approval is requested under the appropriate section of the Finance and Procurement Article. DBM has determined this contract should be treated as voidable rather than void because all



the parties have acted in good faith. Well, you don't know that. So please, none of the other agencies use this kind of language. And I know it's boiler plate. But that's a problem with boiler plate. You don't know if it was done in good faith. I would hope that it was done in good faith.

There is a second one that may be okay. But then it says number third the violation or series of violations was insignificant or otherwise did not prevent substantial compliance with the procurement law. It did, it was out of compliance with procurement law. Don't use this language if you don't know the facts. If you're not doing the due diligence, don't use this kind of language. And so I ask you, Mr. Secretary, to talk to your folks about putting this in the public record when we don't know the details.

MR. BRINKLEY: They've already heard that, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Number 13 is a retroactive contract, Wells Fargo Insurance Services. You know, it's like, I guess what I said, what happened? And how did this happen? That they are using these professional services for some period of time and no one knew that this contract had expired? So I mean, we don't need to go through each and every one of them. But there's a problem.

Fourteen is another one where the, I guess SDAT denied because the contractor is probably not paying. Fifteen is probably even more egregious in terms of we're going to go back to this boiler plate language, which I find

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particularly troublesome. Because MTA failed to execute a second renewal option for this contract. Instead they continued to extend the contract with the contractor through change orders. That is a complete violation and it's significant. It's not insignificant.

MR. PORTS: We agree.

LIEUTENANT GOVERNOR RUTHERFORD: And I'm sorry for venting. But I think that this is really problematic.

MR. PORTS: I --

LIEUTENANT GOVERNOR RUTHERFORD: And it goes across agencies. It's not just you.

MR. PORTS: I appreciate that, Lieutenant Governor. And you'll notice, again, just because you mentioned this one last, this goes back to 2012. Okay? Now --

LIEUTENANT GOVERNOR RUTHERFORD: Right. But I mean, even though it went to 2012 it wasn't corrected when opportunities came up. It's sloppiness. And I'm not --

MR. PORTS: We agree.

LIEUTENANT GOVERNOR RUTHERFORD: This stuff is in the bowels of the organization.

MR. PORTS: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: And it takes time, I know --

MR. PORTS: That's correct.

LIEUTENANT GOVERNOR RUTHERFORD: -- from leadership. I can fuss at you, I can fuss at the Secretary here. But it means that you've got to tell your people to burrow down into the bowels, the basement of the organization and let them know that, and I don't, I truthfully don't think it's corruption. I think it's sloppiness. I think it's lack of education. And not looking out for the taxpayers' dollars. I think that's --

MR. PORTS: Okay. I would agree with everything except for the last point you made, not looking out for taxpayers' dollars. Because what we are doing is the right thing now. As you mentioned --

LIEUTENANT GOVERNOR RUTHERFORD: Now. I'm talking about what happened.

MR. PORTS: Right.

LIEUTENANT GOVERNOR RUTHERFORD: I'm not talking about right now.

MR. PORTS: I get it.

LIEUTENANT GOVERNOR RUTHERFORD: I'm talking about what happened. The people who are doing these things don't understand that they are working with taxpayers' dollars. They are working with your family's dollars.

They are working with everyone in this room's dollars, except for those who don't pay taxes.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: That's, you know, what's what I'm talking about. And we have to get that message through to people who are at different levels. They are not sitting in the Secretary's Office. They are not sitting on the second floor. But they are working day to day and it gets to the point where it becomes mechanical and we have to tell them it's not mechanical.

MR. PORTS: It is not. And that's why the Secretary, Secretary Rahn, took the drastic step to have Mike Zimmerman, the Director of TSO, the Secretary's Office, TSO, oversee and manage the MTA. Because, because of the very thing that you said. People were not getting the message. We tried to drill down. We tried to send the message. And they weren't getting it. So now we are taking it over. We're literally taking it over because we think by doing so they are absolutely going to get the message. And I can tell you that we are putting other things in place for inventory control. We are going to create a new position because, and I'm going to say this about MTA, we're creating a new position at MTA for inventory control that is not going to report operations. It is going to report directly to Procurement Director Mike Zimmerman.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

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MR. PORTS: Okay? And so not only are we doing that by creating this system, but we're going to look at the lead times from the manufacturer. We're going to look at the supply time. We're going to look at the handling time and the time it takes to ship these products. We are also going to look to see if the manufacturers, or suppliers in this case, can inventory some of the stock on their shelves instead of ours so we wouldn't have so much stock on our shelves so we wouldn't have to obsolete it later. We're looking at the, as I mentioned, the RFID. Once we get those parts inventoried and RFID on there, every time somebody takes a part out of inventory it comes off. We're going to look at the lead time it takes for the manufacturer to produce it and get it to us. We're going to look at the burn rate, if you will. That's what they call it when you're using the product. We're going to look at how often we use them, weekly, monthly, annually. And through that data we're going to combine that information to find out exactly how much inventory so we can keep the least amount on the shelves that we can and only order appropriately.

The other thing that this position is going to do is it is going to be the arbiter for any new product that's ordered. Any new product to order has to be justified by this person that reports to Mike Zimmerman.

The other thing they are going to do is on the other end, when it comes in from the supplier, they are going to be in charge of counting that

inventory, making sure we got what we paid for, and then they are going to be in charge of the analysis for the lead times from the supplier, and etcetera.

Now I did this at BGE.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. PORTS: I was in procurement. I was a materials specialist. I understand this process. That's why I got directly involved in this, okay? I was very successful at BGE, Baltimore Gas and Electric, in saving hundreds of thousands, if not millions of dollars. So what we are doing literally today is bringing private sector ideas and successes into the public sector.

LIEUTENANT GOVERNOR RUTHERFORD: And that's very good.

MR. PORTS: We are not sitting back. We are not sitting back.

LIEUTENANT GOVERNOR RUTHERFORD: I know you're not sitting back. But --

MR. PORTS: We are getting involved.

LIEUTENANT GOVERNOR RUTHERFORD: But Mr. Ports --

MR. PORTS: Yes, sir?

LIEUTENANT GOVERNOR RUTHERFORD: -- I know you're not sitting back. But just-in-time inventory has been around for, since --

MR. PORTS: Not with the State.

LIEUTENANT GOVERNOR RUTHERFORD: -- years and years and years that you were at BGE.

MR. PORTS: Not with the State.

LIEUTENANT GOVERNOR RUTHERFORD: But yeah, so it does require, I mean, this is why it's very important that not only when we put people at the top, that we put people in other places who are coming in to think differently.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: That are coming in. Because probably those guys and gals who are sitting there in the inventory section, which as I understand they used to have them separated and procurement was much more involved in inventory at MDOT before someone made a decision to move it all into the operations unit, which provided no checks and balances and possibly led to some of this stuff here. But you know, that's something that someone should have been thinking about years ago. And I hate to go to that. I shouldn't even be talking about what it should have been. Because what you're saying, just-in-time inventory, has been around for years.

MR. PORTS: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: You know? Even the federal government moved away from big supply houses.

MR. PORTS: Mm-hmm.

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LIEUTENANT GOVERNOR RUTHERFORD: And big, you know, depots. They moved away from that. Now there is some you have for emergency purposes. But, okay.

MR. PORTS: You're right.

LIEUTENANT GOVERNOR RUTHERFORD: I've had enough of beating this dead horse. I hope it's dead. If not, I'm going to kill it.

(Laughter.)

MR. PORTS: It's on its way out. It's going to the glue factor.

COMPTROLLER FRANCHOT: So as the resident expert at beating dead horses, let me --

(Laughter.)

COMPTROLLER FRANCHOT: I want to associate myself with the remarks of the Lieutenant Governor. And obviously for years I have talked about the fact that retroactive contracts are not the way for the State of Maryland to do business. And frankly I think the administration's response to this issue is a breath of fresh air and I'm frankly delighted to hear the Lieutenant Governor. I'm happy to hear from the Deputy Secretary that improvements are being put in place. Because here's the theme. We're saving taxpayers' money.

MR. PORTS: Mm-hmm.

COMPTROLLER FRANCHOT: And there is a skepticism out there in the public that we are handling their money carefully. And so this is



much appreciated. I guess I wanted to ask the Secretary, the DBM Secretary, Secretary Brinkley, I understand that the administration is sending the message to all the departments and agencies in Transportation. Does that include all the agencies --

MR. BRINKLEY: Yes.

COMPTROLLER FRANCHOT: -- in State government?

MR. BRINKLEY: We're doing that in all of our agencies. In fact, we had a staff person, Rachel, last year that I mentioned earlier, who took the initiative to create a very good spreadsheet not just to identify what was deficient but then also what was upcoming. Something very simple, simple tech. And so you saw some of those items brought before this Board for correction, updating, and everything else. And now, you know, obviously the Transportation division is now bringing all those to your attention, too.

COMPTROLLER FRANCHOT: Good. I want to acknowledge that and acknowledge the administration's efforts in this point. And just to put on the record some of the savings. The five retroactive contracts at our September 20th meeting, one of which was a vendor who had not been paid for months, as the Lieutenant Governor mentioned, the total dollar value of those retroactive contracts was \$318,022. And so now we're going to sign off on these 33, is it 33, retroactive contracts. And I agree with the Lieutenant Governor that they are, well, let's put it bluntly. They are just violations of our procurement laws.

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MR. PORTS: Mm-hmm.

COMPTROLLER FRANCHOT: So Lieutenant Governor, I think your passion and your energy on this issue is absolutely appropriate.

So what are we talking about on the total of 31 we're being asked to approve today? We're talking about \$3.3 million being spent over and above what this Board authorized on 13 separate contracts. We're talking about \$6.9 million being spent on 11 contracts that expired but the vendor continued performing the services that MDOT requested. And perhaps the most egregious of all we're talking about \$4.8 million being paid to seven vendors when there were not contracts in place.

So I suspend judgment, as the Lieutenant Governor does, as to whether it's lack of oversight or confusion, mismanagement, miscommunication, or something else going on. But I think Deputy Secretary Ports, you get the message from us that -- I guess my question is this. Are we going to see more of these? Or is this a scrubbing of what you have? And --

MR. PORTS: So I think I would answer that question like this.

COMPTROLLER FRANCHOT: Are we going to see more in the future, I guess is my --

MR. PORTS: I think, I think you will. I think as we continue to dig into the procurement issues at MTA, and if you will use the analogy turning over rocks, we are going to find a pile of you-know-what. And we're going to

continue to find that. And we're going to continue to bring them forward. Because our role and our goal, and Pete Rahn has been very clear about this, is to dig deep and find all this stuff, bring it to your attention so that we can get it right so we have the authorization to spend these monies appropriately, and again, as the Lieutenant Governor said send a signal to the rest of the organization we're not fooling around anymore.

So we will, I guarantee we will have some more come forward.

There is no question --

COMPTROLLER FRANCHOT: Well thank you, thank you for your candor. Because I agree that that's what you're going to end up with. But I'm --

MR. PORTS: That's not my goal, by the way.

COMPTROLLER FRANCHOT: I understand that.

MR. PORTS: I want to be clear. That's not my goal.

COMPTROLLER FRANCHOT: But what we're talking about is a drastic departure from the way business was conducted in the past.

MR. PORTS: Correct.

COMPTROLLER FRANCHOT: And it's going to, as the Lieutenant Governor said, take time to actually trickle down and fix the broken culture of State procurement.

MR. PORTS: Mm-hmm.

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COMPTROLLER FRANCHOT: So have at it. And Mr. Secretary, Secretary Brinkley, if you could keep us informed as to the response of other agencies. I agree that this is a significant improvement and can save the taxpayers a considerable amount of money. So keep us --

MR. BRINKLEY: Mr. Comptroller, I'll add, to echo part of what we're doing here is as these are discovered, they then come to light. And this is the forum for them to come to light for those conversations to take place. And that's exactly why you're seeing this brought before you.

COMPTROLLER FRANCHOT: No, I, I, you know, it's got to, and once it changes, it changes for good.

MR. PORTS: Correct.

COMPTROLLER FRANCHOT: You know, it's not like a temporary mind set or something. It's, I agree with the Lieutenant Governor. Once you implement something that is programmatic like this, yeah. So I'm wouldn't be, I'm, not that you're being defensive --

MR. PORTS: No.

COMPTROLLER FRANCHOT: -- but I would not be defensive about bringing this stuff forward in the future. Because it shows you're getting to the bottom of it.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. PORTS: And I guarantee I'll continue to be responsible as long as Governor Hogan is in office and he allows me to have this position.

LIEUTENANT GOVERNOR RUTHERFORD: Well I think --

TREASURER KOPP: Can I just ask one question?

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Go ahead.

TREASURER KOPP: I mean, this is not the first time we've seen this and it won't be the last time we've seen it.

MR. PORTS: It won't be the last.

TREASURER KOPP: It's interesting it's MTA because we went through SHA a few years ago and we had not seen so much recently from SHA. So something changed there. But I guess my question is of you, David. One of the problems throughout the agencies seem to have been the separation between procurement and contracts and operations and ongoing oversight of contracts. That they are procured, everything is put in place, and often things, in social services, for instance, are outsourced and we're supposed to be monitoring everything and then know when they come back. So you're going to get something in place I guess that will spit up the date for when the contract expires and then the contract people will look at them again.

But it seems to me unless something is done about the disconnect between procurement and contract oversight, these things are going to keep happening. And I don't know, I don't know if Mr. Zimmerman is in charge of

everything going on. But I can't believe that one person can do that all. So the question is --

MR. PORTS: We'd have to pay him more.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

TREASURER KOPP: -- how we do institutional --

LIEUTENANT GOVERNOR RUTHERFORD: Well you do have to have separation from the person who is buying the procurement --

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: -- and the intended user of it.

TREASURER KOPP: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: Because the user falls in love with their product but the procurement person is supposed to be dispassionate and not have any --

TREASURER KOPP: But the procurement person traditionally has gone on from procurement to procurement to procurement.

LIEUTENANT GOVERNOR RUTHERFORD: Right. But it is the management part that that procurement officer needs to be able to track when these contracts are coming up and inform their customer, which is the user, that this contract is coming up and we're getting ready to go to a new bid process, or whatever. And there are going to be, you know, unfortunately there may be times

where it slips. And but at least you come in and say we need to extend this contract while we do repurpose this contract.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: So systems will address, and that's what Secretary Brinkley had talked about what they're doing, systems help to address. I know that Mike Zimmerman has talked about systems at MDOT and of course with Mr. Gleason coming on board he's going to help in that whole process so we can have a better global picture of what we're buying and selling.

I want to just state with regard to the retroactives that, you know, as Secretary Ports just mentioned, you know, I think when these items were pulled off of the Agenda before and then brought back so that we could do, all do some further investigation, there were four additional retroactives that were added. So, you know, as they delve into challenges that are taking place at MTA and maybe other places, we're going to see this. But that's the cleaning process.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: You know, they are cleaning it up. And I appreciate the fact that Secretary Rahn has taken the step of moving the oversight out of MTA and looking at the training process and lack thereof for the people there. I appreciate the fact that he has brought the auditor in to take a closer look, and appreciate the fact that he's notified also the

legislative auditors to let them know that we're taking a closer look at this whole thing. So --

COMPTROLLER FRANCHOT: does he just send you when there's bad news on the calendar?

LIEUTENANT GOVERNOR RUTHERFORD: Yes, he does --

MR. PORTS: That's what number two is all about.

(Laughter.)

MR. PORTS: There's nothing that ever changes with that.

LIEUTENANT GOVERNOR RUTHERFORD: And the Governor sends me when he wants to --

COMPTROLLER FRANCHOT: Yeah.

MR. PORTS: Actually Secretary Rahn, it was his birthday the other day, so he was back home in New Mexico celebrating his birthday. So that's why he's not here. He's on his way back.

LIEUTENANT GOVERNOR RUTHERFORD: His birthday, it wasn't our birthday.

MR. PORTS: It was his birthday. It was his birthday.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. PORTS: He was celebrating with his family.

LIEUTENANT GOVERNOR RUTHERFORD: He's had a couple of those before.



MR. PORTS: A few.

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

COMPTROLLER FRANCHOT: DBM --

LIEUTENANT GOVERNOR RUTHERFORD: -- DBM's Agenda?

COMPTROLLER FRANCHOT: -- Item 3-S.

LIEUTENANT GOVERNOR RUTHERFORD: 3-S?

MR. BRINKLEY: 3-S. That will be about MSDE. Kristy Michel, is it Michel or Michel? I always mess it up.

MS. MICHEL: Michel.

MR. BRINKLEY: Michel. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: There's room at the front to sit for those who are standing in the back. This isn't elementary school or --

MR. BRINKLEY: I think they're ready to dart out the door soon.

MS. MICHEL: Good morning. For the record, my name is Kristy Michel. I'm the Deputy Superintendent for Finance and Administration at MSDE. We're here today to ask approval of a credit for a contract that we have for our high school assessments. The contract is closing out in a few months and we were able to realize some cost savings as we closed the contract out.

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COMPTROLLER FRANCHOT: Excellent. I always find it refreshing it when we see contract modification requests that return money to the taxpayers. So thank you for that oversight and supervision.

I do have a couple of questions. According to the background materials provided by you, the vendor reprinted testing forms from the 2016 testing schedule and used them for the 2017 testing schedule. Does that make sense to you? Or is that why we're getting \$65,000 back?

MS. MICHEL: Yes. That's how we're realizing the savings. We did reuse some test forms that had been used in previous test administrations and I specifically did ask this question, that there is a very low probability that a student would have seen the same form or test outline had they previously taken the test. There are a number of different forms we use and different methodologies for putting them together.

COMPTROLLER FRANCHOT: So I guess I'm a little confused as to why we're only getting \$65,000 back if they are using last year's questions?

MS. MICHEL: I'm going to bring up Dr. Doug Strader. He's our Director of the Assessments Program.

COMPTROLLER FRANCHOT: This is a \$8.4 million one-year extension to a contract. So they obviously got a lot of money. And if they are, if they used last year's questions why are we only getting a small percentage back?

DR. STRADER: So we need to maintain our quality and integrity of the program. So we do an analysis of exposure of our items and forms. What you're talking about here, the overall contract value includes the scoring and reporting. The scoring itself is the bulk of the contract cost. We were able to on some of our forms be able to reuse some items in the past instead of having to engage a new development for those particular pieces. So going through that, that's where we're able to recognize the savings.

COMPTROLLER FRANCHOT: I'm sorry. Some of that went -- I was thinking of something else for a minute, I guess.

DR. STRADER: So --

COMPTROLLER FRANCHOT: Why is it, why, how did you come up with the \$65,000 figure?

DR. STRADER: When you look at the development costs of the actual items that were reused, that's where you would come up with that savings figure. We went back and forth with it with the vendor to negotiate that upon finding this potential from our previous items for the reuse. So you're not reusing the entire test from both these times, but you still have --

COMPTROLLER FRANCHOT: How much was, how much of the previous test was used?

DR. STRADER: So looking at the forms we have about --

COMPTROLLER FRANCHOT: Excuse me, why don't you come up and identify yourself?

DR. STRADER: Briana Creed is in charge of the high school assessment program. She's in the detail of that work. But you can speak to the actual items themselves.

COMPTROLLER FRANCHOT: But I'm sorry, I didn't hear your response?

SECRETARY MCDONALD: Why don't you come up and introduce yourself on the record, please.

MS. CREED: Good morning. I'm Briana Creed. I'm the program manager for the HSAs, which is the high school assessment. So for the ETS contract we had a reuse of forms that would include three for the biology and three for the government. So you would have six total reuse of forms, in addition to an accommodative form which would put it to eight. So in terms of your cost savings, however, you're looking at just those actual forms that are developed. But in terms of the entire administration, scoring, and reporting, since that's the bulk of the cost you'll find the cost savings is only in the reuse of the items themselves.

COMPTROLLER FRANCHOT: Okay. And you're saying that ETS does the scoring. Isn't that done by a separate vendor?

DR. STRADER: It is a subcontractor under ETS, Pearson.

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COMPTROLLER FRANCHOT: So do they have a separate contract? Or are they paid by ETS?

DR. STRADER: ETS is the prime. Pearson is a subcontractor under ETS.

COMPTROLLER FRANCHOT: So they are paying them out of the \$8,395,000?

DR. STRADER: That would be correct, yes.

COMPTROLLER FRANCHOT: Okay. You mentioned Pearson. Because there's a recent, there's an article today in the paper, I think, in the Sun about the fact that 12 percent of Baltimore City kids passed these PARCC tests. Is this what Pearson is involved in? You guys, who does the PARCC test?

DR. STRADER: The PARCC test itself?

COMPTROLLER FRANCHOT: Yeah.

DR. STRADER: So there's many components to the assessment. So you were mentioning the high school assessments as well. Pearson manages the scoring of the selected response items. The extended and constructing response items are done by a company called Measurement Incorporated, which is a completely different sub. So when you're talking about the development of the PARCC assessments, that's now being turned over to a company by the name of New Meridian. So it depends on what aspect of the assessment program that you're referring to. Pearson does not own the PARCC assessments. That's

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owned through a collaborative. CCSSO actually owns the IP associated with the assessment. So.

COMPTROLLER FRANCHOT: Okay. So maybe you could get back in response to this article that's out there that says 15 percent of Baltimore City students passed the English part of the test and 12 percent passed the math test PARCC assessment. And that the system was stunned because some of their best students were in the 88 percent of math testers who failed. And they went back and looked at it and somehow got it increased a little bit. But basically it was the kids were getting the right answers but they couldn't explain the reasoning. That's what the article said. I mean, this is just, adds more lunacy to this program of overtesting that we have if in fact the kids are getting the right answers on the test but they are not meeting some, well, how did you get that answer. Duh, I got the answer because I'm smart, I understand math, I understand English, I have the right answer. But yeah, I don't, I mean, really --

TREASURER KOPP: You don't understand --

COMPTROLLER FRANCHOT: -- this is, this is just --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: -- incomprehensible hundreds of millions of dollars added to the taxpayers. It produces these ridiculous numbers that 88 percent of the kids are flunking math tests and 85 percent are flunking English tests. And the impression is the kids are not smart. The kids are smart.

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Apparently they are getting the answers right but they are not following the intricacies of whoever the heck is preparing these tests. And I hope maybe you could just read the article and send me the explanation as to why this is beneficial to the kids, the faculty, the, those of us that live in the State that we have to read about this kind of humiliation. And hey, I wasn't an A plus student but I was a pretty good student. I could never figure out how I got to the right answer. I mean, really. Think back to your school days.

LIEUTENANT GOVERNOR RUTHERFORD: So that's why you went to law school.

(Laughter.)

COMPTROLLER FRANCHOT: Yeah. Yeah. That was a big mistake. But you get the drift. I just, if you could send me a little primer on what we're spending on these tests now and what these tests are showing and when these contracts are coming back up again. Because I hope that we can significantly prune them back so that you guys can spend your time on something more productive and useful than making people feel bad about themselves. I feel bad for the kids.

MS. MICHEL: We would be happy to provide a summary of our assessment program and the various assessments that are administered in the local school systems.

COMPTROLLER FRANCHOT: Great. Just bring me up to date on where we are on these massive contracts. I remember hundreds of millions of dollars flowing out of here to Pearson and their peers. And I guess I'm not sure what the PARCC consortium is. But if you could just give me a heads up and the other members of the Board that are interested, give them a heads up as to when these contracts are going to be coming before us again.

MS. MICHEL: Absolutely.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. All right. Sorry, I wasn't trying to give you a hard time. I went to law school, too.

TREASURER KOPP: Could I just say it really is important to know why you came up with a specific answer to these questions so that you can do it again as opposed to just happily alighting on the right numbers or understanding of foreign text, or whatever. But I don't want to --

LIEUTENANT GOVERNOR RUTHERFORD: There was a very interesting, speaking of newspapers, an interesting article in the Washington Post a number of months ago that was basically it was a book review of a woman who, American born, but she and her husband live in China and it was about her sending her child to Chinese school. And you know, it kind of reminds you of how it used to be in the olden days. I mean, her basic point was that the teacher is always right. That she went there to fuss at the teacher about what the teacher



did, which was a little beyond what teachers did in the old days, but the teacher pulled her to the side and said, in front of the kids, I am always right. And she said she had to adjust to that --

COMPTROLLER FRANCHOT: That's what I say to the Comptroller's agency. The Comptroller is always right. But yes, I understand that. And I understand what the Treasurer mentioned. I would love to have everybody very fluent in all of the analysis of how you got from A to B. But let's be honest. I mean we're, this is not good to stigmatize areas of the State --

TREASURER KOPP: No, of course not --

COMPTROLLER FRANCHOT: -- with these bad results and put our kids through this kind of you've got the right answer but we're not sure you actually can explain how you got there. I mean, give me a break. Let's get back to just teaching. Get these kids out of school much more, well as competent as we can. But the idea that, I just remember the smart kids, the really smart kids, the Treasurer Kopp and the Boyd Rutherfords in my class, they knew all of this stuff. But most of us it was just, you know, it was just mind boggling, how do you follow the rabbit down the rabbit hole and come up, speaking of what the teacher said, how do you mimic what the teacher apparently thinks is the way that I'm getting to this answer? And how do I diagram that out somehow? I just, I'm speaking for the vast majority of kids. That if they can read, if they can do the math, let's test that and let's make sure they can do it. Let's stop the

psychoanalysis of, oh, I remember in English the sentence diagrams. Remember that? Where we had to underline everything and put it all up? I mean, after a while you're just like, gosh, I'm getting it all right but I can't get the diagram right. Really? It's just a cry from --

LIEUTENANT GOVERNOR RUTHERFORD: My teacher was right, was only with regard to discipline and things of that nature.

COMPTROLLER FRANCHOT: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: It was discipline. Okay. Any other questions on Budget and Management?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: We're all in favor. Thank you. University System. Good morning.

MR. EVANS: Good morning. Joe Evans, representing the University System of Maryland. We have five items on the Agenda. We are withdrawing Item 4-RP. We're here to answer any questions.

COMPTROLLER FRANCHOT: I just want to indicate on Item 4 I've been contacted by Senator Rosapepe and Delegate Joseline Pena-Melnyk, and I understand that that's being withdrawn so that you can talk to College Park about meeting their concerns about having a seat at the table for the Terrapin Development Corporation. My concern is completely, I sympathize with them. I

support them in that. I applaud your effort to get together with them. And I understand they sat with the Treasurer also. So that's good.

My concern is different. My concern is once we hand over these properties to the Terrapin Development Corporation, traditionally the Board of Public Works reviews what, if there's a change in the lease or the ownership of the property. The Board looks at that and approves it. Rarely does it turn it down, but we approve it. That is being, that's been eliminated. And if it's not there when you bring this back, there are going to be, it's going to be a problem for me as the Comptroller. Because the explanation that I got from the University as to why they wanted to cut out the Board of Public Works didn't make any sense at all. It was essentially we're doing deals with private developers and they don't want to have the Board of Public Works. If I were a private developer, had gone through the blizzard of things that they have to go through to get an approval for a project, I'd be delighted to come before this Board and get the approval of the Governor and the Treasurer and the Comptroller.

So there's a two-pronged problem here to this. And I just don't want you to come back up two weeks from now, or whenever you're coming back up, with a big resolution of the College Park problem thinking that it's smooth sailing.

MR. EVANS: I'll convey that back.

COMPTROLLER FRANCHOT: Please. Yeah. It's important.

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LIEUTENANT GOVERNOR RUTHERFORD: Well I thought the city was in concurrence with the project. They had a letter of support.

COMPTROLLER FRANCHOT: Well --

TREASURER KOPP: The city is.

COMPTROLLER FRANCHOT: -- maybe I'm completely wrong. Why are you pulling it?

MR. EVANS: The reason I was given was that they had, they wanted to address some further concerns from the Treasurer's Office, is what I was --

TREASURER KOPP: No, they were not.

MR. EVANS: It's not?

TREASURER KOPP: That was not it. They said that they wished to have further discussions with the representatives of the 21st Legislative District.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, it's the legislators who have been calling --

TREASURER KOPP: Who had not been notified more, and who represent obviously the people who live there just as do the city councilmen and women.

MR. EVANS: Oh, I'm sorry. Stakeholders in College Park.

TREASURER KOPP: Yes. It was not the Treasurer --

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COMPTROLLER FRANCHOT: It was not what?

TREASURER KOPP: It was not the Treasurer's Office.

MR. EVANS: It was, it wasn't the Treasurer's Office.

COMPTROLLER FRANCHOT: Oh, well, yeah, no --

MR. EVANS: The reason was further discussions with the stakeholders --

COMPTROLLER FRANCHOT: -- I'm not, I didn't mean to imply that it was.

LIEUTENANT GOVERNOR RUTHERFORD: No, that's --

TREASURER KOPP: That's what he said.

MR. EVANS: -- in College Park. I'm sorry.

COMPTROLLER FRANCHOT: Yeah. But that is an issue that is a community concern.

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: And I sympathize with the community.

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: And as a former elected official, their representatives. But this is --

TREASURER KOPP: This is another issue.

COMPTROLLER FRANCHOT: -- a bigger issue, which is why exactly is the Board being cut out of this? Where we traditionally with other members of the system, and frankly lots of other contracts we have that oversight responsibility. Once again, just following up on making sure the taxpayers are protected.

MR. EVANS: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on the University items? Do we have a motion?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Favorable. Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. EVANS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Well thank you very much. Department of Information Technology?

MR. BULLOCK: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. For the record, my name is Albert Bullock. I am the Assistant Secretary for Administration with the Department of Information Technology. We have three hand-carried items on the Agenda today, and we have agency representatives to address them.

MR. PORTS: Round two.

(Laughter.)

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LIEUTENANT GOVERNOR RUTHERFORD: I think you probably addressed all the questions we have on this. The second one is, looks like a contract creep, where it was a services contract, or a hardware contract and they bought services. So that's a --

MR. PORTS: I couldn't believe that --

LIEUTENANT GOVERNOR RUTHERFORD: I think you've talked about the corrective actions and --

TREASURER KOPP: Move favorable.

LIEUTENANT GOVERNOR RUTHERFORD: Second?

COMPTROLLER FRANCHOT: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All right.

MR. BULLOCK: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: That one was easy. Department of Transportation? We haven't heard from you.

MR. PORTS: Oh, yes.

LIEUTENANT GOVERNOR RUTHERFORD: We haven't heard from you.

MR. PORTS: Good morning, Madam Treasurer, Mr. Comptroller, and Governor. For the record, my name is Jim Ports. I'm Deputy Secretary for the Maryland Department of Transportation. The Maryland Department of Transportation has 40 items for your consideration today. Items 22 through 40

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were submitted as hand-carried items. And at this time MDOT is withdrawing 4-M, 12-RP, and 15-RP. I'm more than happy to answer any questions you may have in continuing round three of the beating of the dead horse if you so choose.

LIEUTENANT GOVERNOR RUTHERFORD: We can bring it back to life and then beat it.

MR. PORTS: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: I, this isn't a question on eight. It's condolences on, or not condolences, but appreciation. The Small Business Reserve, State Highway maintenance contract, you put it in the Small Business Reserve Program. I'm going to be sending a letter out to the, all of the departments and agencies reinforcing that effective the first of this month the Small Business Reserve Program has been increased to 15 percent and more State agencies are required to comply with this. I'm letting, making sure that the top dogs let the other folks know that they have to start putting these contracts into the Small Business Reserve Program. So and it's not just small dollars. Smaller contractors can do million dollar and above contracts. And so I ask the procurement professionals to do their due diligence and make sure that we do that.

TREASURER KOPP: Can I just ask about that one, the withdrawn one? When it comes back --

MR. PORTS: I'm sorry?

LIEUTENANT GOVERNOR RUTHERFORD: Which?

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TREASURER KOPP: I mean, I assume you will celebrate the winter holidays, number four, at the Airport.

MR. PORTS: Well, yeah.

TREASURER KOPP: Will it be, will it still be \$1 million for Christmas decorations?

MR. PORTS: We withdrew that contract.

TREASURER KOPP: I mean, we want people to have a very positive experience but truly --

MR. PORTS: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Can't you pull out the old stuff that's in --

MR. PORTS: We're --

LIEUTENANT GOVERNOR RUTHERFORD: -- the closet or in the attic or something?

MR. PORTS: Yeah. We pulled that one so I was hoping not to have to answer any questions on it.

(Laughter.)

MR. PORTS: But we pulled it because we're going to have more thorough discussions about other opportunities to make this happen.

SECRETARY MCDONALD: It is a five-year contract. It wasn't \$1 million for one Christmas.

MR. PORTS: Right, right, right. Thank you.

SECRETARY MCDONALD: It was five Christmases.

MR. PORTS: Thank you, Sheila.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So and it's probably a lot of labor.

MR. PORTS: Well and you've got to get up on the big buckets and all that kind of stuff.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. PORTS: I mean, the high, the ceilings are extremely high.

LIEUTENANT GOVERNOR RUTHERFORD: I say you get trees from DNR and --

(Laughter.)

MR. PORTS: We don't cut down trees.

(Laughter.)

MR. PORTS: We plant them.

LIEUTENANT GOVERNOR RUTHERFORD: Only for the --

TREASURER KOPP: Yes we do, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Only for a certain line of a color that's in Montgomery County.

TREASURER KOPP: You're not going to --

LIEUTENANT GOVERNOR RUTHERFORD: I'm not going to say it. Okay. Yeah. I have already -- oh. Let me, this is a retroactive. So 34, it's just a question. I wasn't sure if this, if the contractor was paid, the contractors. This is the paving and parking area. It wasn't clear whether they were, they had been paid under the work that they did, the additional work.

MR. PORTS: Yes, they have been paid.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. That was -- and then I'm going to, this is just 36, we're extending the contract for 19 months. Does it take you that long to do a new procurement? Nineteen months?

MR. PORTS: Are -- go ahead. Joe?

LIEUTENANT GOVERNOR RUTHERFORD: This is, yeah, this is the maintenance contract.

MR. SEDITAL: Good morning, you all.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning. Identify yourself?

MR. SEDITAL: This kind -- oh. My name is Joe Sedital. I'm the Deputy Director of Procurement at the MTA.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. SEDITAL: This contract, we're not actually extending it 19 months. This contract is still valid. We blew through the authority line by around

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\$110,000. So with the remainder of the contract still going we're adding \$450,000 to perform the service until the contract expires.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

TREASURER KOPP: So that's what not managing the burn rate means.

MR. SEDITAL: Exactly.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MR. PORTS: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Thank you. Thanks. I don't have any other ones.

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: And second, and we're all in favor. General Services? You can come back for that, too.

MR. PORTS: Thank you. Oh yeah, that's right. I'm not done yet.

MR. REICHART: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Nelson Reichart, Deputy Secretary of General Services. The department has nine items on our Agenda. Three are hand-carried. And there was a protest on Item 2-AE, but there is no one here to speak on their behalf.

LIEUTENANT GOVERNOR RUTHERFORD: We did get a memorandum from Sheila McDonald with regard to that. Okay. And so --

SECRETARY MCDONALD: I said the protest has been noted for the record and --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

SECRETARY MCDONALD: -- it is in the record, on file. And it was distributed to the Board members and but the person, the entity that protested told us they were not going to --

LIEUTENANT GOVERNOR RUTHERFORD: Be here.

SECRETARY MCDONALD: -- present in front of the Board.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Just --

SECRETARY MCDONALD: Actually I do think that they actually said they would abide by the Board.

LIEUTENANT GOVERNOR RUTHERFORD: Oh. Very nice.

SECRETARY MCDONALD: We'll see. That was our telephone conversation.

LIEUTENANT GOVERNOR RUTHERFORD: Real quick, number nine, Mr. Ports. This was again one of those ones troubling that the DGS had a contract for the purchase of petroleum products.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: And there was a new contract and a new vendor, but MTA decided to use the old vendor even though the contract had expired, there was a new vendor, a new contract. Did

someone, did they just not know? Or did they just say I like using Jim, I like Jim as the salesperson, I'm going to keep buying?

MR. PORTS: I hope it's not number two. Okay?

LIEUTENANT GOVERNOR RUTHERFORD: All right. Well you can take --

MR. PORTS: But I believe --

LIEUTENANT GOVERNOR RUTHERFORD: -- if you guys could take a closer look?

MR. PORTS: -- poor oversight. Poor oversight.

LIEUTENANT GOVERNOR RUTHERFORD: That sounds really, yeah. I hope it's where they just didn't know. But and that's not an excuse, but it's not corruption.

MR. PORTS: No.

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

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Second? Okay. Well thank you. I didn't break a record and I think I stopped before twelve. That's probably a record for me.

(Whereupon, at 11:44 a.m., the meeting was concluded.)

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