
STATE OF MARYLAND
BOARD OF PUBLIC WORKS

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

December 16, 2015
10:00 a.m.

PRESENT

HONORABLE LAWRENCE J. HOGAN, JR.

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

Secretary, Department of Budget and Management

PETE RAHN

Secretary, Department of Transportation

EMILY WILSON

Director, Land Acquisition & Planning, Department of Natural Resources

DAVID GARCIA

Secretary, Department of Information Technology

JIMMY RHEE

Special Secretary, Governor's Office of Minority Affairs

MISSY HODGES

Recording Secretary, Board of Public Works

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

CONTENTS

Subject	Agenda	Witness	Page
Qualified Zone Academy Bonds of 2015	SEC 19, p. 28	Sheila McDonald	10
Baltimore City Public Schools Construction and Revitalization Program, Revenue Bonds Series 2015	SEC 11, p. 16	Sheila McDonald Thomas Kelso David Lever David Raith Gary McGuigan	10
DNR Agenda	DNR	Emily Wilson	22
Maryland Energy Administration Services Contract	DBM 1-S, p. 33	David Brinkley Leigh Williams	23
USM Agenda	USM	Joe Evans	28
DoIT Agenda	DoIT	David Garcia	29
DOT Agenda	DOT	Pete Rahn	29
Grant to the Board of Directors of the Boys and Girls Club of Washington County, Inc.	DGS 22-CGL, p. 128	Nelson Reichart	30

PROCEEDINGS

GOVERNOR HOGAN: Well, good morning everybody.

AUDIENCE: Good morning.

GOVERNOR HOGAN: It's hard for me to believe but this is our last Board of Public Works meeting for the year. And I think it's been a great first year. I just want to take this moment to say to the Treasurer and the Comptroller that it's been an honor and a privilege to work with you over the past year. Friday I enjoyed Christmas shopping in downtown Easton with the Comptroller, and Sunday I was pleased to have the Treasurer over to Government House --

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: -- for a Hanukkah party. It truly has been a pleasure working with both of you and I want to give them all a big round of applause for their efforts this year.

(Applause.)

GOVERNOR HOGAN: And I also want to take a moment to thank Secretary McDonald and her incredible BPW staff for the excellent job that they have done all year. How about a round of applause for them?

(Applause.)

GOVERNOR HOGAN: And I want to wish all of them and all of you a Happy Holidays and a Happy New Year. You can clap for that one, too.

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

(Laughter.)

GOVERNOR HOGAN: And now I'm going to let my colleagues say a few opening words. Madam Treasurer?

TREASURER KOPP: Thank you, Governor. I wanted to thank you for your very kind hospitality on Sunday.

GOVERNOR HOGAN: It was fun.

TREASURER KOPP: It was a lovely, lovely event. And it meant a lot to all the families and the folks who were there.

GOVERNOR HOGAN: I enjoyed it.

TREASURER KOPP: And I thank you. I want to also thank the Comptroller. I assume you will make some remarks for the BRE meeting --

COMPTROLLER FRANCHOT: Mm-hmm.

TREASURER KOPP: -- and thank you for leading such a great staff. I think Andy Schaufele and the folks from the Treasurer's Office, from the Department of Budget and Management, and the Legislature, have gotten together as we do every year and come to a consensus on numbers. It's not easy. It's a little better than reading tea leaves. And in fact so much better that Andy Schaufele and that group got just in the center of the bulls eye. We have improved revenue a bit, \$30 million this year, out of more than \$16 billion. That's hitting very close to the middle of the target and it's because of the hard expert work that they have all done. So I really would like to thank them all.

And to also note one last thing. On the campus at Towson State University, an institution of which we are all very fond, my understanding is the new President-to-be has been sighted and she's coming in. She has already won the support and friendship of all the students. The Provost will remain Provost. He has been a great acting interim president and we look forward to the future of Towson. Still missing a great president who passed away this year, but I think the future of Towson has never looked brighter. And I congratulate all the Towson family.

GOVERNOR HOGAN: Thank you. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor, Madam Treasurer. And yes, I wrapped up my annual Shop Maryland for the Holidays tour on Friday to, we do this to highlight the importance of patronizing the exceptional local businesses that in Maryland serve as the bedrock of our communities and play a vital role in our State's economy.

I was particularly pleased that Governor Hogan and First Lady Yumi Hogan were able to join my wife Annie and me again this year during our visit to Easton. And let me just say, thank God for the First Lady and my wife because the Governor and I just were standing around looking at things. They actually did some shopping.

(Laughter.)

GOVERNOR HOGAN: Yeah, they were buying.

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

COMPTROLLER FRANCHOT: Yeah.

TREASURER KOPP: I'm surprised you went to the toy store and didn't end up --

COMPTROLLER FRANCHOT: Yeah well, it's such a great place. The Treasurer mentioned the toy store, Crackerjacks in Easton, it has been there 36 years. It's a phenomenal part of that community. And yes, we had an absolutely terrific day in one of Maryland's great communities with a very large and enthusiastic group of State and local officials and civic leaders, and even my dear friend George Jackson playing the role of Santa Claus. And as you can attest, Governor, these visits aren't merely symbolic. They provide an important shot in the arm in to local family-owned stores who rely on the holiday season to keep their lights on and make payroll in a tough economy.

What they are going through was highlighted, frankly, at yesterday's Board of Revenue Estimates meeting that the Treasurer alluded to. The Treasurer and Secretary Brinkley and I voted to write up our revenue projections by \$31.4 million for fiscal year 2016, and \$60.1 million for fiscal year 2017. Coming on the heels of our action to write up expected revenues for the current and next fiscal year by \$212 million in September, and I'm closing the State books in fiscal year 2015 with a fund balance of \$295 million, yesterday's report provides an opportunity for what we call restrained optimism and certainly

serves as positive news with respect to the State budget as we head into the legislative session.

But buried in the report were numbers that tell the real story. It isn't the State budget of Maryland that should be our priority. It's the budgets of Maryland's families and small businesses. We wrote down expectations for withholding receipts by \$64 million and sales and use tax by \$75 million for fiscal years 2016 and 2017. And that is a window, Governor Hogan, into what I know is a top priority for you, what is happening with Maryland's middle class.

With stagnant wage growth customers don't have discretionary income to spend. In a consumer driven economy that means our small businesses continue to struggle, lacking the confidence they need to invest and grow. So while we can rightfully take some measure of relief that State revenues are headed in a positive direction, the empirical data, evidence, buried in our report yesterday tells the same story we hear anecdotally all over the State from our citizens. This economic recovery hasn't felt like a recovery at all for far too many Maryland families and small businesses.

That's why what we do here at the Board of Public Works is so important, ensuring we get the best possible deal out of our limited taxpayer dollars. It's why we have to be prudent in making spending decisions in the months ahead and avoid accumulating unsustainable levels of debt with the false expectation that revenues will rise fast enough to pay escalating debt service

payments. And it's especially why we absolutely must avoid any proposals that would take more money out of the pockets of consumers who are already reluctant to put money back into the Maryland economy.

So I look forward to working with you, Governor, and the General Assembly this session, and the Treasurer, to enact policies that strengthen our economy and to avoid, most of all, could we please avoid policies that don't help our economy?

With that I'd like to wish everybody a Merry Christmas and a Happy New Year and Happy Hanukkah and happy all of the other holidays, whatever they are, I'm in favor of each and every one of them. But I want to particularly give my appreciation to Governor Hogan for moderating the atmosphere in the State. Because I can feel it. You know, this tour I took of small businesses, I went to ten different communities. I can feel the fact that the private sector is beginning to actually believe that we are going to follow a moderate fiscal course in the State of Maryland. And Governor, I thank you for that. Madam Treasurer, I thank you. And back to work.

GOVERNOR HOGAN: Thank you very much, Mr. Comptroller. Let's get started with the Secretary's Agenda. Secretary McDonald?

SECRETARY MCDONALD: Merry Christmas Governor, Madam Treasurer, Mr. Comptroller. We have 19 items on the Secretary's Agenda, one report of emergency procurement. Today we're going to withdraw

Items 6, 14, and 15 from the Agenda. We would also like to note that on Item 19 we're going to complete that item by filling in the missing number, so that Item 19 will say shall earn federal tax credits at the rate of 4.76 percent. With that update, we are prepared for your questions.

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

COMPTROLLER FRANCHOT: Item 11, please.

SECRETARY MCDONALD: Item 11 is the Stadium Authority talking about Baltimore City Schools and I understand Chairman Kelso is here from the Maryland Stadium Authority, and Mr. Frenz also, the Executive Director. This is the bond sale for the Baltimore City Public Schools Construction and Revitalization Program.

GOVERNOR HOGAN: Good morning, Mr. Chairman.

MR. KELSO: Good morning, Governor. Thank you very much. Good morning, Madam Treasurer. Good morning, Mr. Comptroller, ladies and gentlemen. I am very pleased to be here today along with the senior management of the MSA to present for your approval bid packages for construction for both the first two schools and what we refer to as the year one schools of the Baltimore City Public Schools Construction Program, together with the issuance of bonds to pay for all of the year one schools.

Today marks a significant milestone in this program. Up until now the work has been primarily organizational, planning and development. But approval of the items before you today will begin the actual construction phase, which is tangible, visible evidence of the enormous commitment of resources to construction of schools in Baltimore City.

Thus far, despite the complexity of this program, the work is proceeding quite well. These first two schools are scheduled to be complete by the summer of 2017. We expect that contracts for the remaining nine year one schools will be presented over the next 12 months or so. The entire program remains on schedule to be completed by 2020. And City Schools and MSA continue to work diligently together to reduce costs.

We are very pleased with our progress so far and enjoy a strong working relationship with our partners in the program, which include Baltimore City Public Schools, the City of Baltimore, and the Maryland Interagency Committee on School Construction. We'd be glad to answer all of your questions.

COMPTROLLER FRANCHOT: Great. Is doctor -- if you could stay, Mr. Kelso, is Dr. Lever here?

SECRETARY MCDONALD: Yes, Dr. Lever is here.

COMPTROLLER FRANCHOT: Great. If he could come up?

SECRETARY MCDONALD: Dr. David Lever, Executive Director of the Public Schools Construction Program.

COMPTROLLER FRANCHOT: Great.

GOVERNOR HOGAN: Good morning, doctor.

DR. LEVER: Yes, good morning.

COMPTROLLER FRANCHOT: Okay. So we're being asked today to authorize the issuance of \$320 million in revenue bonds through the Maryland Stadium Authority, which will be used to, I'm quoting here, quote, finance a portion of the construction and rehabilitation, renovation and equipping of 11 Baltimore City Public School facilities. This item, as most of you will recall, stems from the 2013 State legislation that will ultimately provide the Baltimore City Public Schools with \$1.1 billion in school construction dollars above and beyond what it already receives through the traditional public school construction program.

I strongly support this effort, will be voting today in support of this Agenda item, but I have a couple of questions. I'd like it confirmed for the record that there are no legal prohibitions on using proceeds from these bonds to equip the Baltimore City Public Schools with air conditioning, both through central air systems and through portables if deemed necessary, just as it has been confirmed that there are no legal prohibitions on using QZAB, or aging schools program proceeds, for the use of central and portable air conditioning systems.

I'm raising this point because for all of the public discussions that have occurred over the past several years, particularly over the past couple of months, on the problems posed by the lack of air conditioning in the Baltimore County Public Schools, I believe there are over 1,000 classrooms without air conditioning in that county, the fact is that students, teachers, and school employees in Baltimore City schools are experiencing the very same crisis. Smaller numbers, I believe it is somewhere around 400 classrooms. But where temperatures become unbearable even in mid-spring and early fall, where the lack of air and ventilation are making people sick, kids sick, where it is impossible to teach and learn in such a deeply distracting environment.

While the resources now exist in abundance to address this problem thanks to this secondary source of capital funding that is exclusive to the Baltimore City Public Schools, so I'd like to know, since we're already here talking about the school construction priorities, can't this money be used -- well, first of all how many classrooms in Baltimore City are not air conditioned?

DR. LEVER: By report received from Maryland State Department of Education after an inquiry, we believe that it is 416 classrooms in Baltimore City.

COMPTROLLER FRANCHOT: Okay. And I see Department of General Services is here. The estimated cost is less than \$10,000 per classroom to put in portable air conditioning units?

DR. LEVER: Per classroom, \$9,700 from the Department of General Services.

COMPTROLLER FRANCHOT: Okay. So we have a very serious health and safety problem that affects the public, our kids, our teachers, can you please help me, or Mr. Kelso, perhaps you can, how we can break out a small segment of these dollars to take care of these 400-plus classrooms before the hot weather returns in April? Well, frankly it's kind of hot right now.

(Laughter.)

DR. LEVER: The funds are targeted to the 23 to 28 schools that are within the 21st Century Building Program. These are what are called the year one and year two schools. The current bond sale will not address, will address only the year one schools. These are intended to be complete renovations or replacement, which will involve central air. I'd have to ask people from the Stadium Authority to speak to the question of whether it's within their legal authority to use their bond revenues for window air conditioning units in schools outside of the 23 to 28. So if they would like to come forward to speak to that?

SECRETARY MCDONALD: Right. Let's bring up Mr. Raith, the Chief Financial Officer.

COMPTROLLER FRANCHOT: Come on up. So let me just ask the question. We're approving \$320 million of taxpayers' money for Baltimore City. They have 400 classrooms that for whatever 400 times \$9,700 results in

could be air conditioned within a matter of weeks. Are we going to do, are we going to free up this money so that a tiny portion of it can get rid of this public health crisis?

MR. RAITH: Well I believe --

COMPTROLLER FRANCHOT: And who were you, sir?

MR. RAITH: I'm David Raith. I'm the Chief Financial Officer for the Maryland Stadium Authority. The financing that's put before you today is under the guidelines of the Act of 2013, which took a look at the Baltimore City ten-year plan. And there were certain schools that were identified, you know, to be replaced or renovated under that plan. And this money is going towards those particular schools. I would say that we would probably, again, possibly have to have some type of maybe change in the statute that would allow the Stadium Authority to use those funds for other purposes other than what's been identified under the, you know, ten-year plan program.

COMPTROLLER FRANCHOT: Well I'm sure that the very smart people at the Stadium Authority can figure something out that would help bring relief. These kids are suffering. Please, I mean, I don't know how to say it any more than that. And here is a ton of money being delivered up to the City. Take care of these kids. And I'm not going to belabor the point.

MR. MCGUIGAN: Good morning --

COMPTROLLER FRANCHOT: But you understand what I'm driving at here. This is a ton of money being sent up there. Let's make sure these kids are taken care of so that we don't have 400 classrooms that are overheated and causing health issues where kids and teachers, can you believe this, have to be taken to the hospital? I mean, come on. So I'll leave it at that. You guys huddle back there and see what you can come up with. The Governor is not a lawyer, I don't think. I went to law school. And trust me, I see my dad over there, he went to the Yale Law School. You guys can figure this out. Please, do it. Because we need help.

MR. MCGUIGAN: Good morning. Gary McGuigan with the Stadium Authority. If you could let us talk to our legal department and also our partner, City Schools, about what the issues are and whether this is possible, and we'll report back.

COMPTROLLER FRANCHOT: Thank you.

MR. RAITH: Thank you.

COMPTROLLER FRANCHOT: I have one more question for Dr. Lever. Apparently we are still in the process of completing the more recent public school maintenance surveys. You are going to be getting these to us well in advance of the IAC appeals. Can you provide us with an overview of the City's trend lines on those reports? Can we expect to see a positive progression

or downward progression for the City, a system that is merely maintaining its historical standards of maintenance?

DR. LEVER: We have just completed and sent off the FY '13 reports. We are completing the FY '14 reports for Baltimore City. We are seeing a downward trend if measured by the overall score of the schools. We are seeing more not adequates than we have in previous years. That is the overall score. We don't know, I can't give you a summary of the FY '14s yet. What we are seeing is organizational changes, staffing changes, and budget changes that indicate that the issue is being taken very seriously. If those changes become continuous over a number of years we anticipate that within four or five years we will be seeing a substantially improved maintenance program in Baltimore City. They include an additional \$3 million per year increase to the budget, the maintenance budget. They include reorganization from three maintenance regions to ten. They involve the transfer of the educational building supervisors from the office of the Chief Academic Officer to the office of the Chief Operating Officer, engaging increase of money for preventive maintenance. And we are seeing intersections, which is very important for us, on the capital side intersection between maintenance concerns and the submissions in the capital budget. That has been a major vulnerability in the past, of not having those discussions, and now that is taking place. So there are improvements but it will take time for them to take hold.

COMPTROLLER FRANCHOT: Thank you, Governor.

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

DR. LEVER: You're welcome.

TREASURER KOPP: Can I, will all this be spelled out in your maintenance report? You are not simply going to give us a list of numbers, I assume?

DR. LEVER: It is spelled out already in a report that was submitted on the 15th to the Budget Committees, which addressed the report we had provided to the IAC November 29th last year, which addressed project administration. But the sixth issue, we had five issues that we addressed, the sixth issue was always maintenance. And our report on the 15th covers the maintenance improvements as well. But yes, when we submit the reports we will be providing the summary but we are addressing, we'll do this in the capital improvement program also which we will be submitting on December 31st, addressing the changes that have been made in maintenance in Baltimore City Public Schools.

GOVERNOR HOGAN: Any other questions? Thank you. You know, I just want to express my agreement with the Comptroller. We are both very concerned about the fact that there's two jurisdictions in the State that haven't addressed their air conditioning problem. The only people that haven't addressed it is Baltimore County and Baltimore City. And while it may not be directly involved in the current proposal before us, it is a concern to the taxpayers that we are spending \$320 million more in Baltimore City and we haven't

addressed the basic problem. And people don't want to just continue to fund projects without having any accountability. And we're going to have to get some kind of response from Dr. Lever and from Baltimore City and Baltimore County about this air conditioning situation before we approve any more funding for anything with the school system. That's my two cents on it. Any other questions on the Secretary's Agenda?

TREASURER KOPP: Yes, I have two cents, four cents to put in --

GOVERNOR HOGAN: Four cents worth?

TREASURER KOPP: -- into the discussion.

GOVERNOR HOGAN: We'll give you five if you want it.

TREASURER KOPP: A couple of things. First of all, I think it is fair to say that in Baltimore City, but more particularly in Baltimore County, in fact there has been progress made in the air conditioning. And I think it would be wrong to leave people with the impression that nothing has been done.

However, all the schools are not to be fully air conditioned until 2021 and the question is --

GOVERNOR HOGAN: That's just not acceptable.

TREASURER KOPP: -- if between now and 2021 some provision can be made.

GOVERNOR HOGAN: Absolutely not acceptable.

TREASURER KOPP: But to leave the impression that nothing has been done I think really is not fair.

GOVERNOR HOGAN: For the Comptroller and I it's pretty clear we're not waiting until 2021 to put the air conditioning in Baltimore City and Baltimore County.

TREASURER KOPP: I have no doubt of that.

GOVERNOR HOGAN: It's not going to happen.

TREASURER KOPP: And secondly, the \$320 million is of course the bond that is backed one-third by Baltimore City, one-third by Baltimore school system, and one-third by the State. Simply to clarify that this is not \$320 million and it is not on the debt affordability balance because it is Stadium Authority. That does not go to the question of whether it should be spent on air conditioning --

GOVERNOR HOGAN: Right.

TREASURER KOPP: -- or other measures, although we do look forward to seeing the new schools and the renovated schools in particular and I would say personally continuation of closing under utilized schools so that the resources can be focused where the students are in the City. Thank you.

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

COMPTROLLER FRANCHOT: Let me just say, Governor, thank you for your comments. I wholeheartedly agree with you. I applaud the fact that you are taking the lead on, it's not just an education issue, it is a public safety and health issue. It is urgent. It needs to be addressed. We have to stop protecting whoever we are protecting with these evasive ideas. Treasurer, I respect you greatly.

TREASURER KOPP: I'm simply stating the facts.

COMPTROLLER FRANCHOT: That 2021 date, that 2021 date is not a fact, that's never going to happen under this current proposal. There has not been major progress made in this area. There has been a huge amount of foot dragging. And as a result, 30,000 kids suffer. It's wrong. And Governor, thank you for speaking up. And I don't mean to get hot under the collar, to pick a word --

GOVERNOR HOGAN: Let's turn the air conditioning up.

COMPTROLLER FRANCHOT: Yeah.

(Laughter.)

COMPTROLLER FRANCHOT: But thank you. I wholeheartedly support your statement. And hopefully we can see some response.

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

COMPTROLLER FRANCHOT: Move approval.

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: So moved.

SECRETARY MCDONALD: Thank you.

GOVERNOR HOGAN: Now we're going to move on to the DNR Agenda.

MS. WILSON: Good morning, Governor, Mr. Comptroller, Madam Treasurer. Emily Wilson with the Maryland Department of Natural Resources.

GOVERNOR HOGAN: Good morning.

MS. WILSON: Merry Christmas. We have but one item on our Agenda today. I'll be happy to try to answer any questions.

GOVERNOR HOGAN: Go ahead, Emily.

TREASURER KOPP: She went.

MS. WILSON: We just have one item. I'll be happy to try to answer any questions.

TREASURER KOPP: Move approval.

GOVERNOR HOGAN: One item? Okay, is there a motion on the DNR Agenda?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

TREASURER KOPP: Second.

GOVERNOR HOGAN: So moved.

MS. WILSON: Thank you.

GOVERNOR HOGAN: Now we're on to the DBM Agenda.

MR. BRINKLEY: Good morning, Governor, Mr. Comptroller, Madam Treasurer. The Department of Budget and Management has submitted eight items but I am withdrawing Item 8, leaving seven items for your approval.

GOVERNOR HOGAN: On Item 1, is Director Williams here?

MS. WILLIAMS: I am, sir.

GOVERNOR HOGAN: Good morning. Director Leigh Williams from MEA.

MS. WILLIAMS: Good morning --

GOVERNOR HOGAN: Good morning. Thank you.

MS. WILLIAMS: -- Governor, Mr. Comptroller, and Madam Treasurer. Leigh Williams, Director of Maryland Energy Administration.

GOVERNOR HOGAN: Well, thank you. I appreciate you being here. This item for \$2.3 million for evaluation and measurement and verification services for energy programs administered by MEA. The ultimate funding source of these programs is ratepayer dollars. And I want to make sure that MEA is properly monitoring the use of these funds because a recent federal audit of State administered federal weatherization grant program found that during the previous

administration from 2009 to 2013 two nonprofit recipient organizations overcharged the government \$1.5 million for improper payments. Funds that were meant for weatherization projects were actually used to pay for meals, travel, personal credit card debt payments, and even a donation by one of the nonprofit directors to his child's school. Money was coming in one door and going out the other with absolutely no accountability whatsoever on how it was spent. It's simply unacceptable.

MS. WILLIAMS: Yes, sir.

GOVERNOR HOGAN: MEA administers millions of dollars in energy efficiency, renewable energy, and transportation programs. And now I know, Director Williams, none of this occurred under your watch so I'm not pointing a finger at you. But I'd like to hear from you this morning about how MEA will be using this contract to assist in the monitoring of these programs to make sure that this type of fraud and theft does not happen in the future and to ensure that funds are spent properly and consistent with the aims of the programs.

MS. WILLIAMS: Absolutely, sir. It's actually two functions. There's an audit function, and this contract is for evaluation, measurement, and verification. In the auditing function our program managers are well staffed, well, they have the expertise and the background and some have certifications so that we can make sure there is supporting documentation, receipts, and any type of papers and reports, interim reports as the grants are administered. And so

therefore during the interim as well as the conclusion before we pay out the funds we have these processes in place, not to mention site inspections.

We also have a third party technical assistance contractor that actually helps us make sure the measurements and verifications are done as was estimated in the beginning so that we are accountable to the State for these resources that are, you know, very valuable to us and making sure we do the right thing.

Under this contract, evaluation, measurement, and verification, it's the evaluation part of it is actually to identify energy savings. We only have an estimate at the up front. We need to make sure we shore up that estimate at the back end. So we actually look at our estimated errors. We look to see what we can improve upon, and it's continuous. The verification part is when we go out and do field studies and we make sure that in fact what was supposed to be installed, was installed. And at the end of the day we are here to really decrease environmental carbon emissions, etcetera, grow jobs, make sure we have business retention. And all of that we need to ensure that when we spend our money at MEA on behalf of the State of Maryland and its citizens that we actually verify we are doing what we are doing. So we should not come, you should not have to come across that in your administration.

GOVERNOR HOGAN: Sure.

TREASURER KOPP: Do you go back, assuming you look at it and everything is done the way it should be done, etcetera, go back after the fact to in fact see that the purposes are accomplished as well as performed?

MS. WILLIAMS: Absolutely. Absolutely. And that's --

TREASURER KOPP: And what do you find?

MS. WILLIAMS: Sometimes there --

TREASURER KOPP: I mean, is it making a difference?

MS. WILLIAMS: Yes, ma'am. Sometimes we do in fact find there were errors in the estimation. And so therefore we correct it.

TREASURER KOPP: Well --

MS. WILLIAMS: And it's continuous improvement. We --

TREASURER KOPP: I'm thinking more about the environmental or the heat retention of the building, whatever the building is. Assuming it has been done properly and accounted for properly and everything, is it in fact in the end accomplishing its energy environment purpose?

MS. WILLIAMS: I would say so.

TREASURER KOPP: How do we assess that?

MS. WILLIAMS: Through the EMV, evaluation, measurement, and verification. During the American Recovery Act, MEA actually had a compliance office because of the strict requirements of the ARRA funds. And therefore there was, this EMV was there. It was in place. However after, post

that we, MEA did take it upon itself to have a small evaluation and measurement and verification contract. And we learned there were some mistakes that were made. We understood and brought in best practices. And we continuously, we continuously address those and we continuously improve as we go along. But we are able to verify that we are doing what we are supposed to do.

TREASURER KOPP: So you know after a period of time in fact the energy use is down?

MS. WILLIAMS: Absolutely.

TREASURER KOPP: The leakage is down, etcetera? And you go back and assess that?

MS. WILLIAMS: Absolutely.

TREASURER KOPP: That's terrific. Thank you.

MS. WILLIAMS: Thank you.

GOVERNOR HOGAN: Thank you, Director Williams. Thank you very much.

MS. WILLIAMS: Okay. Thank you. I appreciate it.

GOVERNOR HOGAN: And we're on to the University System Agenda? Oh, I'm sorry. I'm getting ahead of myself here this morning. Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: And I assume there is a second?

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing. Now we're on to the University System. Good morning.

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

GOVERNOR HOGAN: Any questions on the USM Agenda? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: So moved.

MR. EVANS: Thank you.

GOVERNOR HOGAN: We're moving --

TREASURER KOPP: I would, yes, I would like to second that and also note the progress that's being made at the Universities of Shady Grove in the biotech building, because that's going to be a significant driver to the economic development --

GOVERNOR HOGAN: Absolutely.

TREASURER KOPP: -- of that entire 270 corridor.

GOVERNOR HOGAN: Great. Thank you.

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: Thank you. Now we'll move on to the Information Technology Agenda.

MR. GARCIA: Good morning and Merry Christmas, Mr. Governor, Governor Hogan, Mr. Comptroller, Madam Treasurer. David Garcia, Secretary of Information Technology. We have four items on the Agenda, one supplemental, and we are withdrawing Items 2 and number 4.

GOVERNOR HOGAN: Okay. Two and four?

MR. GARCIA: And I have agency representation -- pardon me?

GOVERNOR HOGAN: Is there, are there questions on the DoIT Agenda? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-oh. Move on to Department of Transportation.

MR. RAHN: Good morning, members of the Board. For the record, I am Pete Rahn, Secretary of the Maryland Department of Transportation. MDOT is presenting ten items today.

GOVERNOR HOGAN: Any questions on the MDOT Agenda? Is there a motion?

TREASURER KOPP: Favorable.

COMPTROLLER FRANCHOT: Move approval.

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

GOVERNOR HOGAN: Next we'll move on to the Department of General Services.

MR. REICHART: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Nelson Reichart, Deputy Secretary of the Department of General Services. The department has 38 items on our Agenda and we are withdrawing Items 8, 9, 10, 12, and 14. We'll be glad to answer any questions for you.

GOVERNOR HOGAN: Anybody have questions on DGS?

TREASURER KOPP: Just for the record I am reminded that Delegate Brett Wilson expressed his outstanding, strong, and very enthusiastic support for Item 22 which is the Boys and Girls Club of Washington County. And I told him I would note that for posterity.

GOVERNOR HOGAN: Great. Thank you. Any other comments or questions? Is there a motion on DGS?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Well I think we may have set a record this morning.

(Laughter.)

GOVERNOR HOGAN: We are adjourned. Merry Christmas, Happy Holidays, we'll see you all next year.

(Whereupon, at 10:35 a.m., the meeting was concluded.)

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)