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BOARD OF PUBLIC WORKS
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PRESENT

HONORABLE BOYD RUTHERFORD,
Lieutenant Governor

HONORABLE NANCY KOPP,
Treasurer

HONORABLE PETER FRANCHOT
Comptroller

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Secretary, Board of Public Works

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PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Good morning, all. Sorry we're running a little late this morning. There were some traffic problems, challenges that take place. But that often happens.

Before we --

(Laughter.)

MR. PORTS: -- traffic problems.

TREASURER KOPP: Transportation --

LIEUTENANT GOVERNOR RUTHERFORD: It wasn't anything that Transportation did.

MR. PORTS: I was like, good.

LIEUTENANT GOVERNOR RUTHERFORD: You know, it's some drivers that, I think they have magnets on the front of their cars and they just kind of run into each other. Bumper cars.

Before we get started I wanted to, with the Agenda, just, you know, express some concerns I have with what's been taking place with the 21st Century School Facilities Commission, and particularly a proposal to remove the Department of General Services from oversight of the school construction projects. I see that as being very troubling. I think the State, I know the State, has a fiduciary role in these facilities and DGS is a key State agency to perform this

role. In fact, as many know DGS is the construction advisor to the Board of Public Works. So I'm concerned that next someone is going to be proposing the removal of the Board of Public Works from oversight.

Now I understand that there was at least one commission member who asked the question of why the State should have oversight over these buildings because the State doesn't own the buildings. Well, I think he doesn't realize that the State funds these projects in many cases upwards of 50 percent of the cost of construction, in some cases more. And in fact these, the local education agencies, LEAs, are really creations of the State. So I'm not really sure of the motivation behind this proposal. But I'm fully supportive of improving processes and removing unnecessary procedures. But when the State allocates taxpayer dollars to projects for localities, it would be highly inappropriate to not include some dispassionate oversight by the State. I think otherwise we create a pathway to potential corruption. And we know our State has a colorful history with this regard. I'm not going to name names. In fact, back in the 1970s, the IAC was placed under the authority of the Department of Education because the director was sent to jail on corruption charges. So if efficiency is the motivation, then we're all for that. And particularly in that regard, I want to ask the Secretary, have you been consulted by this commission with regard to processes?

MR. CHURCHILL: Now Governor, we were invited to speak in October of 2016 and we have not been invited back to engage in dialogue about how to better the process.

LIEUTENANT GOVERNOR RUTHERFORD: Have any of the local education agencies or superintendents called DGS or your staff with regard to the process and/or moving along projects?

MR. CHURCHILL: I'm not going to speak to the staff. I can say to calling me and my, during my tenure, no CEO, no school superintendent has ever called my office to engage in conversation with me.

LIEUTENANT GOVERNOR RUTHERFORD: So I think it would at least be appropriate that the commission would consult with the department in terms of how the streamline these processes. But they have not, it appears, and have just said we want to skip this.

You know, we're going to be, we have before us \$430 million in school construction bonds for potential approval. You know, so it indicates that there's a substantial investment that takes place on behalf of the taxpayers of this State. And so I would hope that the commission would reconsider some of these proposals and think about the process. I'm not sure, like I said, again, of the motivations associated with this proposal. But I am very concerned about it in terms of transparency as well as oversight of taxpayers' resources. Otherwise, Madam Treasurer?

TREASURER KOPP: Could I, yeah, as you know I'm a member of that commission. And I will say in terms of intent there certainly is an intent to make the system simpler, more efficient, and more cost effective. There is no desire whatsoever to skip anything of significance. There was some discussion put forth, I know, by some of the counties which have staffs larger than our school construction staff that there are aspects which they could take on themselves with an understanding that there would be accountability for actions taken, counties that range from Anne Arundel County to Montgomery and to others that are always in the school construction business. Smaller counties construct schools much less frequently and therefore really are looking at things like regionalization, or even contracting out to DGS, wherever the expertise might be. Beyond that, to be perfectly candid, I was at a meeting in Connecticut yesterday and was not at --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- the last meeting of the commission. But it's my understanding that that's the intent and that's the direction we're driving at. And I think that that's entirely appropriate. But all those questions, we certainly have heard, probably not from the Secretary, but certainly from people in DGS and their expertise, and the school construction people, Comptroller, you know, from Anne Arundel County, Alex --

COMPTROLLER FRANCHOT: Szachnowicz.

TREASURER KOPP: Szachnowicz, who --

COMPTROLLER FRANCHOT: Alex S.

TREASURER KOPP: Yes, who is a member of the commission.

And in fact drew an analogy that you might appreciate. That in some, we have a State Fire Marshal but for some purposes he actually delegates to the local fire marshal capacity to oversee certain things, to inspect certain things, under this supervision, as a surrogate.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: And the concept that he was bringing forth, that Alex was bringing forth for the counties for school construction, was sort of built on that model. As far as I know, that's as far as the discussion has gone.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, well --

TREASURER KOPP: But we certainly do appreciate the expertise.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I am still, I am very concerned about that. That analogy is good when it comes to safety.

TREASURER KOPP: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: But this, we're talking about taxpayer dollars. And you need to have, just like in our procurement system, it's good to have an outside dispassionate view of these projects because the locals, like anyone else, is going to fall in love in with their project. And it can very easily be, well, the last project went very well with this

contractor or that contractor, and they gave us a good price, we bid it out. Let's work with them again. And so it's, I think it's best --

TREASURER KOPP: Oh no, there's still --

LIEUTENANT GOVERNOR RUTHERFORD: Well, I mean, things happen.

TREASURER KOPP: No, no, no. I'm saying, I agree --

LIEUTENANT GOVERNOR RUTHERFORD: Things happen.

TREASURER KOPP: -- there still have to be RFP, there have to be procurement rules, there's no doubt about that.

LIEUTENANT GOVERNOR RUTHERFORD: Right. We have these rules and I think the State, when we're, when we're spending 50 percent on the dollar in many of these jurisdictions, I think the State should be, and at the same time the draft proposals that I saw, it's still at the same time asking the State to do a number of things but it doesn't want the State to oversee or look at change orders or things of that nature. And I think that is very troubling.

Every organization in government doesn't want somebody else stepping in and looking at it. We have that now. The procurement officials, different departments say, well, we should do our own procurement. We should handle this. We should handle that. Versus having someone on the outside who is separate, who is not in love with the product or the project, to say you're not getting a good deal on this. You know? This is, hold your horses, move a little

slower. And we can do that. And that's what we do in government. We have rules for that.

In private industry you can select Whiting Turner, hopefully, I'm not bashing Whiting Turner, Clark, or someone to say, we want you to build our project or our building. How much is it going to cost? Can you knock off a couple of thousands, hundreds of thousands, millions of dollars? Okay, fine. Go forward. But in government when we have taxpayer dollars we go through a process that is transparent, that is open to other bidders. That the costs are open to everyone. So I get concerned when I hear about taking away some of this oversight. And --

TREASURER KOPP: I understand your concern. Let me only say that in many of the jurisdictions, the counties are putting significantly more money into each project than the State and they have the same interests. And we all are driving towards both efficiency and transparency and cost effectiveness.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I understand that. I agree. But we agree to disagree because I think the State needs to have a -- but we can work on how to refine the process. I think we can do that. But we've had a history in this State at the State and local levels of problems. So, and other states.

TREASURER KOPP: It was a former governor and a former school construction --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

TREASURER KOPP: Yes. And portables --

LIEUTENANT GOVERNOR RUTHERFORD: A couple of governors were indicted.

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: So we've had that.

TREASURER KOPP: That one. That one.

LIEUTENANT GOVERNOR RUTHERFORD: And we've had locals. We've had locals indicted for different things.

TREASURER KOPP: And we've had --

LIEUTENANT GOVERNOR RUTHERFORD: We, you know, it's --

TREASURER KOPP: Anyplace there's a nexus between --

LIEUTENANT GOVERNOR RUTHERFORD: Money, yeah, when money is involved, you know, to give you a story from 20, 30, almost 30 years ago when I was in law school, in California at that, we had a visiting professor from Tulane, which is Louisiana. And someone asked him, what's the difference between the students of Tulane and here at SC? And he said, you know, when we have conversations about why certain rules are in place, why, you know, this law was done, the first response from the students at Tulane is corruption, because of Louisiana. And he said, you guys talk about policy reasons

that may be behind it. And then he made the statement, he said the two most corrupt states, and this was 30 years ago, corrupt states in the Union are Maryland and Louisiana. And I was like, whoa, sunk down in the seat, and said, okay. But that was his view from Louisiana.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: So okay. Sorry.

But it's very interesting.

TREASURER KOPP: That was the view.

LIEUTENANT GOVERNOR RUTHERFORD: And we have, that was an old reputation. We're beyond that.

COMPTROLLER FRANCHOT: Well thank you, Lieutenant Governor.

(Laughter.)

COMPTROLLER FRANCHOT: So if I could just make a quick statement about --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Please feel free.

COMPTROLLER FRANCHOT: Yeah. No. I'm, you know, very pleased to be with Lieutenant Governor Rutherford, and I'm very pleased to be here with Madam Treasurer. And I'm sure that things will be worked out sensibly.

But I wanted to comment about the weekend where our nation honored and paid tribute to the generations of men and women who served this country selfless and valorously. Growing up, I often heard my father speak about his time as a B-24 bomber pilot in World War II and inspired by his service to our nation I too had the privilege to serve in the U.S. Army. So it goes without saying that the men and women who currently serve and who have served mean a great deal to me.

I had the great privilege over the weekend of participating in two wonderful events honoring our veterans. First, I attended the grand opening of the new Veterans Center at Allegany College of Maryland, which will be home to a wide range of services and programs that will help veterans and their families transition back into civilian life. I want to thank and salute Allegany College out in Cumberland for their commitment to helping our veterans meet and achieve their educational and professional goals.

And second, I had the honor of taking part in Landover Hills' Veterans Day celebration along with Secretary Owings and other local elected officials in Prince George's County. It was a beautiful and moving tribute to our nation's heroes. I'm truly thankful for the opportunity to have attended this annual ceremony and celebration.

It's my hope, Lieutenant Governor Rutherford, and I believe you went to some of these events also, that in the years ahead our nation and our fellow

citizens will never forget that we're able to live and work in the land of the free because of the service and sacrifice of brave men and women who have not only protected our way of life but have saved the lives of millions of people across the world from tyranny and evil. We owe our veterans and their families a debt that we'll never be able to fully pay. But we as a State and a nation must do our very best to provide them with the services and care they need and have rightfully earned.

And I remember from my service, the one concept that stuck with me that was so, it cemented all of us who willingly or not willingly were in the Army back then. They always said it's country over anything else. And that kind of pulled us all together into the same team, despite our different backgrounds. And I value that.

And then if I could just as a point of personal privilege salute my former colleague, Delegate Sheila Hixson, who announced last night that she was retiring from public life. I in the video kidded that she was first elected in 1932. I apologize for that. It was a bad comment. But she's had a wonderful, distinguished, long career, and I think been Chair of the Ways and Means Committee for more than 20 years and is a dear friend of mine that I served with in District 20, which is kind of the Democratic heartland over in Montgomery County. For many years I served with Sheila. And she always represented not just political savvy but also kindness. And she often said to me, Peter, if you

could just shut up, that's the way to get things done down here. Be quiet. And so she tried to help me.

(Laughter.)

COMPTROLLER FRANCHOT: And I know that the Treasurer has a great deal of respect for her. But it was quite an evening last night, because all of those that were able to be there, it was a pretty outstanding performance and, you know, everybody was there to salute a trailblazing woman.

LIEUTENANT GOVERNOR RUTHERFORD: Very good.

COMPTROLLER FRANCHOT: Thank you. Madam Treasurer --

TREASURER KOPP: Yeah.

COMPTROLLER FRANCHOT: -- I didn't mean to exclude you in that because I know you're very close to her.

TREASURER KOPP: No, I hadn't, as I said earlier, I was out of town at a meeting of the accounting board, Federal Accounting Board.

LIEUTENANT GOVERNOR RUTHERFORD: Real exciting stuff.

TREASURER KOPP: It was. It was.

(Laughter.)

TREASURER KOPP: And I hadn't, and I hadn't heard that. But I do remember very well when Sheila, who I think still has a lot to give and is fighting for, with such compassion and conviction, for all the things that we all

support. I remember the first day when Sheila came on the floor succeeding Marty Becker, who had just become a judge.

COMPTROLLER FRANCHOT: Mm-hmm.

TREASURER KOPP: And people knew that she was a person with great political savvy, young woman, very smart, very tough. But what I think they didn't understand was, A, an extremely intelligent and perceptive person. And B, as you say, Peter, the extent of compassion that imbues everything she does. I'm not sure that we would have the earned income tax credit in Maryland, the program, the Maryland program, without Sheila. But from everything from preschool to education to scholarships to basic social network programs, Sheila Hixson has had a tremendous hand. And I doubt that a lot of the things that we all support and are proud of in Maryland would have happened without her participation.

COMPTROLLER FRANCHOT: Well put.

TREASURER KOPP: So I didn't know about last night.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: But was there in spirit, I assure you.

LIEUTENANT GOVERNOR RUTHERFORD: She'll be back this session.

TREASURER KOPP: Yes. Yeah, well she's going to be back. I mean, let me tell you, Sheila doesn't walk away from anything.

LIEUTENANT GOVERNOR RUTHERFORD: All right.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Madam
Secretary?

SECRETARY MCDONALD: Good morning, Governor, Madam
Treasurer, Mr. Comptroller. We have 13 items on the Secretary's Agenda this
morning and there are no emergency reports today.

LIEUTENANT GOVERNOR RUTHERFORD: Woo-hoo. I don't
have any questions on this.

TREASURER KOPP: I had just a brief question, which Mr.
Berman raised. And I don't know that it has to go into right now. But the
Secretary's items on wetlands?

SECRETARY MCDONALD: Okay, yes. We do have that.

TREASURER KOPP: Yeah.

SECRETARY MCDONALD: The ones with the mitigation? Is
that what you're talking about?

TREASURER KOPP: A --

LIEUTENANT GOVERNOR RUTHERFORD: Number one? Or

--

TREASURER KOPP: Two --

SECRETARY MCDONALD: Two and three.

TREASURER KOPP: Two and three, basically. And the question arose of what the process is for actually setting the price for --

SECRETARY MCDONALD: You --

TREASURER KOPP: -- the use of State taxpayer --

SECRETARY MCDONALD: Right. Correct. The \$75,000 figure that is used by the department --

TREASURER KOPP: And my understanding is it's quite an old number. It has not been updated --

SECRETARY MCDONALD: It absolutely is.

TREASURER KOPP: -- in decades.

SECRETARY MCDONALD: That's correct. And we do, the Wetlands Administrator is here as well as somebody from the Department of the Environment. We can have, but I think that they will explain exactly what you heard, that the \$75,000 figure was apparently targeted in the mid-nineties. So if you --

TREASURER KOPP: It's hard to believe the mid-nineties was 20 years ago --

LIEUTENANT GOVERNOR RUTHERFORD: I was going to say, yeah, that's not right.

TREASURER KOPP: -- but --

SECRETARY MCDONALD: It might be early nineties.

MR. MORGANTE: Good morning --

TREASURER KOPP: But is this something we should be looking at?

MR. MORGANTE: For the record, I'm Bill Morgante, Wetlands Administrator. Yes, this number was developed in the nineties. You know, our regs for wetlands do discuss mitigation however didn't really set kind of a price for mitigation, the regs. So what I've been told is that in the nineties based on numbers that were put together for, I believe from Chesapeake Bay Trust that was doing living shorelines at the time, that they collaborated and came up with like a number that would be a per acre cost that could be used. So that number does hearken back to the 1990s. So I know that we're, you know, now in the process of looking at updating our regs and hope to be able to address this. But since we, since that number was developed in collaboration with MDE, I know MDE is also prepared to give a little background on this.

TREASURER KOPP: Well it just seems to me, I'm not for increasing or decreasing. I have no real position on the fees. Except that if the intent is to help pay for the mitigation of the adverse impact on the taxpayers' properties, we ought to look at it and see whether it's an appropriate amount.

MR. MORGANTE: You know, the conversation has been that that number is extremely low, you know, compared to what other states are charging now. I know in Virginia numbers are over \$500,000 per acre, yes. You know --

TREASURER KOPP: There's a big difference there.

MR. MORGANTE: There's a huge difference there. But so I know that --

TREASURER KOPP: Well I look forward, and I'm sure my colleagues do, to hearing how this examination proceeds. I just think on behalf of the taxpayers we ought to, we ought to make sure that it's fair and up to date.

MR. MORGANTE: Agreed. Would you like some more explanation from MDE as to background on this?

TREASURER KOPP: Is MDE --

SECRETARY MCDONALD: Yes. The Chief of the Tidal Division Andrew May is here.

TREASURER KOPP: Is MDE standing right behind you --

MR. MAY: Standing right there, right there. Good morning --

TREASURER KOPP: Good morning.

MR. MAY: -- Lieutenant Governor, Mr. Comptroller, Madam Treasurer. For the record, my name is Andy May. I'm the Tidal Wetlands Division Chief at MDE. I've been serving in that role since February of last year.

I think Bill kind of hit on the broad strokes about how long this fee and this rate has been in place. You know that's, you know, our records going back that far get a little bit spotty but that's corroborated by more senior staff within my agency. I think that was developed in consultation at the time with

practitioners in the field as well as the Wetlands Administrator at that time working with MDE. It also lined up well with what the Army Corps of Engineers was requiring at the federal level for mitigation.

I did want to touch briefly on a point of clarification when you mentioned State property. From MDE's perspective the inland fee rate applies to tidal wetlands period, including private tidal wetlands, as to distinguish from --

TREASURER KOPP: Thank you.

MR. MAY: -- compensatory fees.

I will add to what Bill already said to just point out that the department is actively evaluating its compensatory mitigation fees for all of its wetlands programs right now with an eye towards becoming more consistent with the 2008 Federal Compensatory Mitigation Rule. We're trying to minimize regulatory conflicts, reduce duplication of effort between and among the agencies, and to create an environment that's a little bit more conducive to mitigation banking, which is of course the preferred method under that federal rule. Our strategy or MDE's focus on that has been to start with the non-tidal wetlands, then progress to waterway construction, and then tidal. So that's just sort of the order of events. But I think we completely agree that there needs to be a holistic look at how much does it cost to actually do this work, you know, what, especially if there is an interest in creating mitigation banking as an industry, which has a lot of, you know, generally perceived benefits both ecologically as well as

economically. It's hard to do that against a backdrop of a \$75,000 an acre inland fee rate, at least on the tidal side. But I think the perceived need is first with the non-tidal. So I'm happy to take any more questions or go on further, if you'd like.

TREASURER KOPP: I would like to hear as your study goes forward.

MR. MAY: Okay.

TREASURER KOPP: I think it's something that's important, both from the perspective of the taxpayer and the environment, obviously.

MR. MAY: Yes.

TREASURER KOPP: Right. Thank you.

MR. MAY: Certainly.

LIEUTENANT GOVERNOR RUTHERFORD: Quick question.

MR. MAY: Yes, sir?

LIEUTENANT GOVERNOR RUTHERFORD: What are the factors that are considered in coming up with this fee? How do you come up with this number?

MR. MAY: The primary factor is really when considering what mitigation bankers would have to do to create a mitigation bank site, and I don't know how familiar you guys are with that as a practice?

LIEUTENANT GOVERNOR RUTHERFORD: I'm not very familiar.

MR. MAY: Okay. Basically it's an entity taking on the responsibility of doing mitigation and then entering a marketplace selling credits to those who would have impacts. From the environmental side you get better control and lift ecologically, and from the economic side you get streamlining and certainty. The factors that we would look at for an inland fee rate, which under that federal rule is lower in the lower of preference, are primarily how much does it cost to get equivalent work into the ground and successful over some period of time to achieve that goal? And that's where I think, you know, other, other jurisdictions come up with different figures.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. MAY: So it takes money to get them in the ground.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. MAY: Yeah.

TREASURER KOPP: Well I think Maryland was in the forefront in mitigation and in wetlands administration some decades ago. And the problem with being the first --

LIEUTENANT GOVERNOR RUTHERFORD: First, right.

TREASURER KOPP: -- is that sometimes it takes a while to --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- catch up with those who came after you.

MR. MAY: Yeah.

TREASURER KOPP: Governor, could I say, since you mentioned MDE, you know, I don't agree with the Governor and the administration on everything. But one thing of which I am very proud is that our Secretary of the Environment right now --

LIEUTENANT GOVERNOR RUTHERFORD: Secretary Grumbles.

TREASURER KOPP: -- is at the international meeting in Bonn representing the State in the fight against climate change and dealing with the issue of climate change. He's on a couple of panels.

LIEUTENANT GOVERNOR RUTHERFORD: Panels, yes.

TREASURER KOPP: And he with other folk from other states is there showing the flag of the United States. And I think Secretary Grumbles is a great ambassador for us and for the environment.

LIEUTENANT GOVERNOR RUTHERFORD: He does a very good job.

TREASURER KOPP: Thank you.

MR. MAY: I'll gladly relay that to him.

LIEUTENANT GOVERNOR RUTHERFORD: The other states are there because he's there. That's --

TREASURER KOPP: I'm sure.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Particularly
Louisiana.

MR. MAY: Any more questions?

(Laughter.)

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Any other
questions?

COMPTROLLER FRANCHOT: I had a question on Item 11.

SECRETARY MCDONALD: Item 11 is David Raith and Mr.
Frenz is here from the Stadium Authority. This is the Baltimore City -- there is
Mr. Raith, the finance guru of the Maryland Stadium Authority. He's got series
2017 bonds he wants to sell.

MR. RAITH: Good morning, Mr. Comptroller, Lieutenant
Governor, Madam Treasurer. David Raith, Chief Financial Officer for the
Maryland Stadium Authority.

COMPTROLLER FRANCHOT: Okay. Well thank you very
much for being here. I'm obviously very supportive of the 21st Century School
Facilities Program and I will support this approval of this Board Agenda item.
Dr. Santelises, the Superintendent in Baltimore City, during her testimony before

this Board last month emphasized the fact that Baltimore City Public Schools face unique challenges with respect to the high number of school facilities that require renovations or complete replacement due to the considerable maintenance or structural issues. As I've shared before with the Board of Public works I had the opportunity to tour Fort Worthington Middle School, which was the first school to be constructed by the Stadium Authority under the 21st Century Schools Facilities Program. It just opened last, two months ago. Frankly it's vital that we provide all Baltimore City students with school facilities that are safe and healthy learning environments that are conducive to their growth and success.

With that, I did have a couple of questions specifically about the use of these bond proceeds. And to the Lieutenant Governor's I think very eloquent statement that he made earlier about the use of taxpayers' money. Here we're putting, voting to put \$426.44 million on the State's credit card.

TREASURER KOPP: No.

COMPTROLLER FRANCHOT: So that's a lot of money. And obviously I support the use of bond proceeds to build these 17 public schools that are in the planning document. But my staff found a July 2016 Baltimore Sun article entitled, "Baltimore Schools' \$1 billion Building Campaign Plan for Everything but the Furniture in the Schools." The desks, the chairs. The article states that during the initial budgeting for this school construction program, two percent of each project cost was to be spent for the furnishings with the

expectation that this percentage would be increased later on in the process. Now according to the Executive Director of the 21st Century Buildings Program, Mignon Anthony, the actual cost to pay for furnishing of the 17 new schools in this new proposal that we're voting on today is about ten percent. Not two percent, ten percent. So I'd like to ask why this problem ever arose in the first place. Was it simply a matter of inaccurate projections? Or simply miscommunication? It seems to me that Ms. Anthony was under the assumption that the two percent funding for furniture was simply a place holder as opposed to a finalized budgeted amount.

MR. RAITH: I'm going to ask Eric Johnson, who is Project Manager for the Maryland Stadium Authority overseeing this. I believe he should be able to answer the question for you.

COMPTROLLER FRANCHOT: Okay. Thank you.

MR. JOHNSON: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. JOHNSON: Actually the FF&E that is --

COMPTROLLER FRANCHOT: Excuse me?

MR. JOHNSON: FF&E, furniture, fixtures and equipment that's based under the program --

COMPTROLLER FRANCHOT: Yeah.

MR. JOHNSON: -- is actually closer to a three percent threshold.

And they, we are fully funding that and supplying that for the schools.

COMPTROLLER FRANCHOT: In the existing, in allocation that we're voting on today?

MR. JOHNSON: Mm-hmm. Yes. Yes.

COMPTROLLER FRANCHOT: So it's not a three percent extra?

MR. JOHNSON: No. No, it's all included in all of the budgets.

COMPTROLLER FRANCHOT: And do you anticipate this rising for the new school facilities? Or is it going to stay in the two to three percent?

MR. JOHNSON: It's going to stay static because we did a bulk purchase agreement for, with two different vendors to supply schools and they have been priced and bought out for the remainder of the program.

COMPTROLLER FRANCHOT: Excellent. So this is all paid for?

MR. JOHNSON: Yes.

COMPTROLLER FRANCHOT: All within this package?

MR. JOHNSON: Correct.

COMPTROLLER FRANCHOT: Excellent. I'm glad that you were here to answer that. And I --

MR. RAITH: Just one follow up.

COMPTROLLER FRANCHOT: Sure.

MR. RAITH: We are actually not using bond proceeds either.

COMPTROLLER FRANCHOT: What are you using?

MR. RAITH: We're using cash that we've collected, you know, from the beginning part of the period of the program. So we're actually paying cash for FF&E and we aren't using bond proceeds.

COMPTROLLER FRANCHOT: Where is the cash held?

MR. RAITH: It's held with the Treasurer's Office.

COMPTROLLER FRANCHOT: Really?

(Laughter.)

TREASURER KOPP: Invested for the taxpayers.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, I thought it was in the old Treasury building.

MR. JOHNSON: It's in escrow.

(Laughter.)

COMPTROLLER FRANCHOT: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: In the safe.

TREASURER KOPP: Clarify, clarify the funding for Baltimore 21st Century School --

MR. RAITH: So --

TREASURER KOPP: -- the streams of revenue?

MR. RAITH: Correct. So when the program was designed there was a commitment of funding \$60 million annually to the Baltimore City Public

Schools program. \$20 million is coming from State Lottery, there is \$20 million coming from Baltimore City Public Schools, and \$20 million coming from Baltimore City. Part of the \$20 million from Baltimore City, \$10 million is coming from the beverage container tax, a portion of the facility rental fee with the Horseshoe Casino, and we get 50 percent of the five percent table games from the Horseshoe Casino. So you know, that money was to be used towards debt service. Since we didn't start issuing debt until 2016, we were able to accumulate cash that we being deposited from Baltimore City, you know, prior to the debt that we would use to pay for the FF&E.

TREASURER KOPP: I just want to state for the record at the Board of Public Works meeting that we understand that this funding does not constitute a debt or a pledge of faith and credit on behalf of the State. In fact, it was funded from those sources, which Mr. Raith mentioned, which are not the general tax of the State.

MR. RAITH: That's correct.

MR. JOHNSON: Revenue bonds.

COMPTROLLER FRANCHOT: Yeah, you had me at cash.

TREASURER KOPP: Right.

(Laughter.)

TREASURER KOPP: Right. Right.

SECRETARY MCDONALD: It is actually, Madam Treasurer, the penultimate sentence on Item 11 --

TREASURER KOPP: Right.

SECRETARY MCDONALD: -- is that bonds issued do not constitute debt.

TREASURER KOPP: Okay. I wouldn't want to bond raters to think we were trying to pull something.

SECRETARY MCDONALD: It absolutely has it on the item and now in the transcript as well. Thank you.

COMPTROLLER FRANCHOT: Well thank you for answering the question about the furnishings. And whether it's cash or debt, it's a lot of money. And you know, could be spent on other purposes if the Legislature so wished. I'm glad they are spending it on this purpose because I think it's pivotal to the City's success. But it's still public dollars. Thank you.

MR. RAITH: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. I too toured Fort Worthington.

COMPTROLLER FRANCHOT: Really?

LIEUTENANT GOVERNOR RUTHERFORD: Yes, I was there for the ribbon cutting.

COMPTROLLER FRANCHOT: But you should, you know, we should all go back again. Because it's the actual product that the ribbon cutting produced which is so compelling.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: I mean, the kids are energized.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, of course.
Yes.

COMPTROLLER FRANCHOT: And it's clear in that. And so yeah, no, thank you for --

LIEUTENANT GOVERNOR RUTHERFORD: -- great learning environment.

COMPTROLLER FRANCHOT: I would prefer the Boyd Rutherford School for a name, but I'll take Fort Worthington, I guess.

LIEUTENANT GOVERNOR RUTHERFORD: That would mean I'm dead.

COMPTROLLER FRANCHOT: No.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Only Donald Schaefer got named things when he was alive.

COMPTROLLER FRANCHOT: But seriously, that is a great school. I encourage everybody if you are able to to schedule something up there because it's a complete game changer. Thank you.

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

TREASURER KOPP: I just, it's sort of a place holder. But Item 7, I don't know if anyone's here and I have no problem with Item 7. But is the Department of Housing and Community Development --

SECRETARY MCDONALD: Deputy Secretary Tony Reed is here, and I don't know if Mr. Cartwright is here. This is the MV Fitness release of the guarantors.

TREASURER KOPP: Is this, actually I'm using this as --

SECRETARY MCDONALD: DHCD.

TREASURER KOPP: -- others sometimes do to ask a question, a more general question than this item. If you could come? Here's the question. My understanding is that there's a serious move in Washington that may well be successful in the new tax bill to do away with what we call private activity bonds, which are at the heart of a number of DCHD housing, public housing programs here and across the State. And I don't know if you want to discuss it now, because it's still up in the air and may never happen. But I think this Board ought to come to understand, that people ought to come to understand as this moves

forward what the impact on our State housing, State and local housing programs will be if we cannot float these bonds are tax exempt bonds. Because I think people are thinking this is something far away and not impacting us. And as I understand it, and I might be mistaken, the private activity bonds and the fact that we can leverage them and sell them and get the benefits and reinvest the benefits are at the heart of our housing program. Am I right? Or was I, I'd love to have been misinformed.

MR. REED: No, you are absolutely correct. Tony Reed, the Deputy Secretary --

TREASURER KOPP: Sorry to hear that.

MR. REED: -- of the Department of Housing and Community Development. We're still in an area where we don't know what's happening. We've actually had some meetings internally to try to figure out where we're going to go if in fact those private activity bonds go away. The House Bill has it in; the Senate Bill does not have it in.

TREASURER KOPP: Right.

MR. REED: And so there we're still trying to wait to see if in fact it's going to move forward, and if in fact it does then we would have to then restructure how we would look at financing these projects.

As far as we know, there are a lot of talk with our bond advisors and some of the other folks who are way smarter than some of the folks in our

department. However, they told us just to kind of wait and see what happens.

And maybe at the end of this week we should know where the Senate Bill is going to go with reference to these private activity bonds.

TREASURER KOPP: Okay. So you'll keep us, I just wanted to know first off that you were all on top of it --

MR. REED: Yes.

TREASURER KOPP: -- and looking at, you know, alternative plans, essentially.

MR. REED: Yes. Yes, we are. So we're hopeful that those activity bonds do not go away. Because this is our main source of funding our projects for housing. So I can alert the Secretary and then if you want to we can have a discussion with you and give you --

TREASURER KOPP: Well I mean, I hope there will be no need to.

MR. REED: Okay.

TREASURER KOPP: And that this will not happen. But we are all very concerned about the --

MR. REED: Yes.

TREASURER KOPP: -- about the housing programs of the State and what we can do to keep them going.

MR. REED: Yes. Yes. Well we are very watchful and we apprise you as we know.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. REED: Thank you.

TREASURER KOPP: Thank you. Yeah, thank you. I saw this --

LIEUTENANT GOVERNOR RUTHERFORD: No. Sure.

COMPTROLLER FRANCHOT: I would move approval of the --
is that what we're voting on? Or do we have a --

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Yes.

COMPTROLLER FRANCHOT: I'm sorry. I'd move, I forgot what we were doing.

LIEUTENANT GOVERNOR RUTHERFORD: I don't think there were any questions. Did you have any?

TREASURER KOPP: No --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: All right. I will second. I think we're all in favor of moving forward. Are we all in favor?

TREASURER KOPP: Yes. Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're in favor. Thank you.

TREASURER KOPP: Yes, we're in favor.

LIEUTENANT GOVERNOR RUTHERFORD: Department of
Natural Resources?

MR. BELTON: Good morning, Governor --

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. BELTON: -- Mr. Comptroller, Madam Treasurer. For the
record, my name is Mark Belton, Secretary of the Maryland Department of
Natural Resources and we have six items on our Real Property Agenda for your
approval this morning.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.
And to follow up on the Comptroller's earlier statement, I want to thank you and
the Comptroller for your service.

MR. BELTON: Oh, thank you.

COMPTROLLER FRANCHOT: It's appreciated. And any other
veterans.

LIEUTENANT GOVERNOR RUTHERFORD: And any other
veterans. How's your dad doing?

COMPTROLLER FRANCHOT: My dad was diagnosed with adult
onset asthma, and which is apparently --

LIEUTENANT GOVERNOR RUTHERFORD: Adult --

COMPTROLLER FRANCHOT: -- a disease you get when you're

95. You've got to get something. But it's totally treatable and I'm happy to report he's just doing great. And I should get his DNA or something. I guess I have his DNA.

LIEUTENANT GOVERNOR RUTHERFORD: You are --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: We hope so.

COMPTROLLER FRANCHOT: Anyway, you know what I mean.
Science should get his DNA.

LIEUTENANT GOVERNOR RUTHERFORD: Science. Right.
That reminds me of an old saying that I'll tell you offline.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Okay. This is really not much of a question. I think we've covered this before. On Item 5A, the purchase of property. It scores fairly low and I think that, we've discussed this before, I think this is because of the recreational aspects of it and being close to the forest property we already have. We just don't score that, or don't score it well?

MR. BELTON: Yes, sir. So this property is in the targeted ecological area. So it is in the TA, which is where we try to focus our purchase. It scores a little lower than some others that we have brought before the Board in

that it is not a wetland, it is not on the waterfront, it doesn't have a stream running through it, it doesn't have habitat for rare, threatened, or endangered species. But as you pointed out, it is directly adjacent to current Chesapeake Forestland. And when you look at the map you can see how it nicely rounds out the piece of property given the road structure in the area.

TREASURER KOPP: Are you --

LIEUTENANT GOVERNOR RUTHERFORD: Yes, go ahead.

TREASURER KOPP: Are you looking at that formula? We discussed it the last meeting.

MR. BELTON: WE are and we are redoing that and we'll be bringing that before you when we have it all ironed out. It's a little more challenging than we thought.

TREASURER KOPP: So all the factors that are believe are essential will be --

MR. BELTON: What we're doing is adding recreational value and other factors beyond the strictly ecological to that scoresheet.

TREASURER KOPP: And Mark, you assure us this will not be underwater by 2050?

MR. BELTON: Correct. Inundation is not an issue --

LIEUTENANT GOVERNOR RUTHERFORD: Then it will be a wetland.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: A very wetland.

TREASURER KOPP: Very wet.

LIEUTENANT GOVERNOR RUTHERFORD: I didn't have any questions.

COMPTROLLER FRANCHOT: No, move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: So all right. All in favor? Move on. Thank you, Mr. Secretary. Department of Budget and Management.

MR. BRINKLEY: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. For the record, David Brinkley, the Secretary of Budget and Management. We've brought ten items for your consideration. I'm withdrawing Items 1-S and 4-S-OPT, leaving eight items for your approval. Items 5-S-MOD and 6-S-MOD have been revised. 8-S, 9-S, and 10-S-MOD are supplementals. And I have representatives here to address any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question on 5-S-MOD.

MR. BRINKLEY: Secretary Moyer?

LIEUTENANT GOVERNOR RUTHERFORD: Secretary -- ah, I didn't know the Secretary was here. Good to see you, Trooper.

MR. MOYER: Thank you, Governor, Comptroller, Madam Treasurer. This breaks my streak. I've been with you for 34 months, and for the first 28 months my Deputy Secretary used to bring pints of blood to support me when I would leave these meetings. But for the last, this is the first time I've been asked a question in six months. So I'm proud of Anna Lansaw, who is my Procurement Director, and the team that she's put together.

LIEUTENANT GOVERNOR RUTHERFORD: Mine is pretty simple. It's not a criticism. But the transitional housing services, are they providing counseling services as well? And I ask that in light of, you know, our opioid crisis as well as mental health issues that, you know, unfortunately run the largest mental health facility and probably drug treatment facility in the State.

MR. MOYER: Governor, I appreciate the comments. Marian House has been around since 1996. They provide incredible services and it's for women. And I can, you can come up a minute? To answer more specific questions.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. CALDAROLA: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. CALDAROLA: My name is Victor Caldarola, Contract Compliance Manager for the Department of Public Safety.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So yes, I was asking whether there are counseling services provided at the transitional house that we're talking about today.

MR. CALDAROLA: Yes, sir. Actually there is a wide range of counseling services. The program is designed for transitional housing and supportive services for women leaving prison who are largely homeless, substance abuse involved, traumatized by sexual abuse. And there are programs and counseling services for each of those factors at Marian House.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I just wanted to, you know, clarify that as well as make sure we are taking care of people as they are transitioning out.

TREASURER KOPP: How large --

MR. CALDAROLA: Sure.

TREASURER KOPP: -- how large is Marian House? How many women are at Marian House?

MR. CALDAROLA: The entire organization is actually three separate joined programs. The State contracts only a portion of the primary, the first step program, Marian House proper. And the State contracts approximately 20 percent of the capacity, which amounts to 26 women per year.

TREASURER KOPP: Okay. So it's large.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

TREASURER KOPP: The capacity is large.

MR. MOYER: The average length of stay is about three to four months.

TREASURER KOPP: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: That was going to be my next question. All right. Okay. Thank you. Before you leave, Mr. Secretary, a quick question on Item 6, which is a modification to the commissary services contract. I guess it's why the extra time in terms of asking for an additional six months? I think this came up before.

MR. MOYER: Yes, Governor. We did, when I first accepted the position here we did have a lot of challenges. And I went through one director and two assistant directors. And as I said, Anna came on board with us this past March and early April. We had a decentralized operation. It's been centralized. We managed a lot of RFPs in the past six months. Our largest, our medical contract was out on time. The bids came in. There were some protests. And we'll be extending that to deal with the protests before we bring it to the Board. We went through our mental health contract, which is our third largest contract, which was approved at our last meeting. And we perceive the pharmacy contract

being put on the street here pretty soon. I'll ask Anna to make a couple of comments about what the volume has been and where we are.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. LANSAW: Good morning, Treasurer, Comptroller, and Governor. For the record, my name is Anna Lansaw, Director of Procurement for Public Safety and Correctional Service.

In the past six months that I've been there in looking ahead of our contract record, we have a projected 43 procurements coming up. Ten of them are RFPs. But we have some major critical ones that are for the Maryland Automated Fingerprinting System, which is about to expire June 19, 2019, which would no longer be supported. So that's one of our critical procurements to be pushed on onto the street immediately.

Also followed behind that we have a criminal history mainframe and electronic record. These are all safety related that need to be updated and kept up to service, not including the other service contracts that we have.

From the time that we started, and I started tracking the amount of procurements that are coming through our office, through June 5th till now we have processed 2,225 requisitions and then awarded in the past month from October 1st to now 259 awards. These are not including the credit card purchases nor the IT procurements that go through the master contracts.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

So -- yeah.

COMPTROLLER FRANCHOT: I'm going to join in on this.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Because I don't think it's quite as cut and dried as what we're being presented right here. As I clearly recall from a couple of years ago, this item was brought before us. It was a contract with Keefe Commissary Network from Edison, New Jersey to provide commissary services to 79 State owned correctional facilities. We approved in 2015 a one-year renewal. Then in December 2016 we approved an additional one-year renewal. This was just to get a competitive bid. And apparently, you know, the December 2015 meeting we rejected your request to use a two-year option. We approved a one-year renewal. And I believe it was Governor Hogan who pointed out at that meeting, it doesn't take two years to rebid a contract. And he went on to make himself very clear that the department needed to resolve the internal issues that were cited to ensure that a new procurement would be conducted within a one-year time frame. Then you came back to the Board after the first year, when he said that. Then you came back and we gave you another year. I must have been looking the other way when it got approved. But now we're being asked to extend it for a third time and what are we doing that for? We're doing it so we can have a competitive bid with this New Jersey company.

And in the interim apparently the Department of Legislative Service audits have cited that one of the main potential reasons why we're not getting any bids on this is what you've somehow combined commissary, you know, kitchen services, with banking services. Are you separating those two issues --

MS. LANSAW: They have --

COMPTROLLER FRANCHOT: -- from the new contract, I hope?

MS. LANSAW: Right. Yes. They have been separated. I have reviewed the scope, have made a lot of changes to the scope. One of the issues was the way the procurement is being conducted, some of the deliverables. We did take out the banking services from that and we also took out the other components that (indiscernible). So it is in our legal review for final determination. And also one of the other significant changes is to project more revenue to the State with the way the price proposal was set up.

COMPTROLLER FRANCHOT: Good. Well everything you say about your new leadership is excellent. Mr. Secretary, thank you for having her here and her staff with us. And I hope that on the item that the Lieutenant Governor brought up on Item 5 where I think you, was that requesting a one-year extension? I hope we're going to get competitive bids out of this process. And thank you for looking at the internals of these proposals. Because they naturally become incumbent vendor protection programs, kind of, in the sense that the

Lieutenant Governor may have been alluding to. I'm sure they are alive and well down in Louisiana somewhere but we need competitive bids. Please. And to the extent you are now doing a lot of work apparently to produce those, thank you. And just keep us in the loop about hopefully we won't be asked for additional extensions since you now are on the, you're vigilantly looking at these things.

MS. LANSAW: (Indiscernible).

COMPTROLLER FRANCHOT: Excellent. Thank you.

MS. LANSAW: Thank you.

COMPTROLLER FRANCHOT: And Mr. Secretary, thank you for

--

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. MOYER: No, thank you all very much. I appreciate it.

LIEUTENANT GOVERNOR RUTHERFORD: Any additional questions on --

COMPTROLLER FRANCHOT: Oh.

LIEUTENANT GOVERNOR RUTHERFORD: Any additional questions? I know we have, is there --

COMPTROLLER FRANCHOT: Yeah, I have one for Item 9.

MR. BRINKLEY: Item 9.

LIEUTENANT GOVERNOR RUTHERFORD: And we have someone here to talk about Item 9, as well.

MR. BRINKLEY: Greg James or Sandy Johnson? It looks like Kevin is here, is that Kevin?

MR. JAMES: Yes.

MR. BRINKLEY: Kevin.

MR. JAMES: Good morning, Governor, Comptroller, Madam Treasurer. I'm here before you with our contract for child support services for Baltimore City. This is a five-year contract for approximately \$39 million. It's a three-year base with two one-year options. This contract we believe will save us \$4.3 million versus what we are paying currently. And we are asking for the Board's approval of this item.

LIEUTENANT GOVERNOR RUTHERFORD: I guess I would have a question, I know the Comptroller has a question, but can I ask very quickly --

COMPTROLLER FRANCHOT: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: -- you said you're looking to save \$4.3 million from the previous contract but the low bidder, who I believe is the incumbent, is just from my rudimentary math somewhere around \$14 million or \$13 million less.

MR. JAMES: Certainly.

LIEUTENANT GOVERNOR RUTHERFORD: Why the difference and how does that work out?

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

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

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

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

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

LIEUTENANT GOVERNOR RUTHERFORD: I think the Comptroller --

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

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

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

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

COMPTROLLER FRANCHOT: No, I'm --

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

MR. JAMES: So yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

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

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

MR. JAMES: Correct.

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

MR. JAMES: Correct.

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

MR. JAMES: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. JAMES: Absolutely. That was our --

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

MR. JAMES: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

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

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

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Comptroller?

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

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

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

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

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

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

MR. JAMES: So --

COMPTROLLER FRANCHOT: Please, if someone else --

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

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

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

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

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

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

COMPTROLLER FRANCHOT: Okay. Thank you.

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

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

MR. JAMES: Maximus --

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

LIEUTENANT GOVERNOR RUTHERFORD: Maximus is in Virginia.

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

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

MR. JAMES: No, there was not.

LIEUTENANT GOVERNOR RUTHERFORD: No protest.

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

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

MR. JAMES: Thank you, Madam Treasurer.

TREASURER KOPP: Thank you.

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

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

COMPTROLLER FRANCHOT: What?

TREASURER KOPP: I'm not making up --

COMPTROLLER FRANCHOT: I just --

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

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

LIEUTENANT GOVERNOR RUTHERFORD: Oh, somebody called you --

(Laughter.)

COMPTROLLER FRANCHOT: Fiscally prudent but socially --

TREASURER KOPP: Fiscally prudent and socially responsible.

COMPTROLLER FRANCHOT: Yes.

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

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

TREASURER KOPP: I would move it favorable.

LIEUTENANT GOVERNOR RUTHERFORD: I would second that.

SECRETARY MCDONALD: Thank you.

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

COMPTROLLER FRANCHOT: No, I'm still --

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

MR. JAMES: Thank you, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: On the Budget and Management agenda?

COMPTROLLER FRANCHOT: Move approval on the Agenda.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

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

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you, Mr.
Secretary.

SECRETARY MCDONALD: Thank you.

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

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

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

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

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

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

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

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

TREASURER KOPP: Can --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

DR. SCHATZEL: Thank you.

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

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

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

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

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

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

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

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

DR. SCHATZEL: Thank you so much.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

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

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

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

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

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

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

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

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

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

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

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

MR. EVANS: It is design bid build.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. EVANS: It is.

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

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

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

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

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

LIEUTENANT GOVERNOR: Okay.

MR. OLEN: Good morning, Lieutenant Governor --

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

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

LIEUTENANT GOVERNOR RUTHERFORD: Introduce yourself.

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

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

MR. OLEN: Correct. Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: -- versus --

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

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

MR. OLEN: Yes, sir.

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

MR. OLEN: You're welcome.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions for the University?

TREASURER KOPP: No, thank you.

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

TREASURER KOPP: Favorable.

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. EVANS: Thank you.

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

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

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

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

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

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

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

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

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

LIEUTENANT GOVERNOR RUTHERFORD: I was just asking.

Okay. Thank you.

MR. MCGLONE: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on --

TREASURER KOPP: It was a mistake.

MR. MCGLONE: Thank you.

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.
All in favor. Department of Transportation? Secretary Ports?

MR. PORTS: Good morning. Good morning, Madam Treasurer, Mr. Comptroller, Governor. For the record, my name is Jim Ports. I'm Deputy Secretary for the Maryland Department of Transportation. The Department of Transportation has 16 items to present to you today. I'll be more than happy to answer any questions you might have.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question on 4-C. And a similar question on 6-M. And but I guess the first question is given that these are MTA contracts, is headquarters, Mike Zimmerman who is back there, reviewing these contracts?

MR. PORTS: Yes, he is.

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

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

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

MR. PORTS: Yeah, it is.

LIEUTENANT GOVERNOR RUTHERFORD: Can Mike Zimmerman come up?

MR. PORTS: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

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

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

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

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

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

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

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

TREASURER KOPP: Can I just follow on?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

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

MR. ZIMMERMAN: Mm-hmm.

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

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

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

TREASURER KOPP: This is a State Highway --

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

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

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. ZIMMERMAN: We're addressing it.

MR. PORTS: That was small business reserve also.

MR. ZIMMERMAN: Yes.

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

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

MR. PORTS: Yeah.

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

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

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

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

TREASURER KOPP: But this is --

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

TREASURER KOPP: That was my question.

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

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

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

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

MR. PORTS: Mm-hmm.

MR. ZIMMERMAN: Thank you.

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

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

MR. ZIMMERMAN: Yes.

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

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

LIEUTENANT GOVERNOR RUTHERFORD: Right.

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

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

MR. PORTS: Correct.

MR. ZIMMERMAN: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: -- that is being corrected?

MR. ZIMMERMAN: Yes, sir.

MR. PORTS: Mm-hmm.

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

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

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

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

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

MR. ZIMMERMAN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Questions on
Transportation?

COMPTROLLER FRANCHOT: Item 15.

MR. PORTS: I had a feeling.

MR. SMITH: Good morning.

MR. PORTS: Who didn't predict this?

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.
Introduce yourself.

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

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

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

MR. SMITH: Thank you, sir.

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

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

COMPTROLLER FRANCHOT: -- kudos to you.

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

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

(Laughter.)

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

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

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

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

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

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

COMPTROLLER FRANCHOT: Thank you.

MR. SMITH: You're welcome.

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

MR. SMITH: Thank you, sir.

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

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

MR. SMITH: And having luggage and all --

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

TREASURER KOPP: It's ridiculous.

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

TREASURER KOPP: It's ridiculous.

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

TREASURER KOPP: And his brother Allen --

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

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

MR. SMITH: Yes.

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

MR. SMITH: Mm-hmm.

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

MR. SMITH: So no. The subleases --

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

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

TREASURER KOPP: Right.

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

TREASURER KOPP: That's what I --

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

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

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

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

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

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

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

MR. SMITH: Yes.

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

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

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

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

TREASURER KOPP: Do they have to be? Legally?

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

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

MR. SMITH: Mm-hmm.

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

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

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

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

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

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

MR. SMITH: Thank you, sir.

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

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

COMPTROLLER FRANCHOT: And that's important --

MR. PORTS: Well let me just --

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

LIEUTENANT GOVERNOR RUTHERFORD: Well --

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

MR. PORTS: Well --

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

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

MR. SMITH: Yes.

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

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

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

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

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

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

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

MR. SMITH: Okay.

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

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

TREASURER KOPP: Well that is what --

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

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

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

TREASURER KOPP: I hear you.

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

MR. PORTS: The contractor --

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

MR. PORTS: Right. I know you are.

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

MR. SMITH: Mm-hmm.

MR. PORTS: You did.

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

MR. PORTS: Mm-hmm.

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

MR. PORTS: Correct.

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

--

MR. SMITH: Okay. A couple points --

MR. PORTS: That's a policy decision.

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

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

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

MR. PORTS: Right. Right.

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

TREASURER KOPP: Right.

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

MR. PORTS: Mm-hmm.

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

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

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

MR. SMITH: Okay.

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

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

COMPTROLLER FRANCHOT: What?

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

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

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

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

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. But --

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

COMPTROLLER FRANCHOT: Terrific.

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

MR. PORTS: There's two of us.

TREASURER KOPP: -- they signed up.

LIEUTENANT GOVERNOR RUTHERFORD: There is someone who signed up?

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

MS. HERBEKIAN: Thank you. Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MS. HERBEKIAN: Lieutenant Governor --

LIEUTENANT GOVERNOR RUTHERFORD: It's still morning.

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

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

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

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

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

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

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

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

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

COMPTROLLER FRANCHOT: Thank you.

MS. HERBEKIAN: Does anyone have any questions?

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

TREASURER KOPP: Could I just say --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

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

MR. PORTS: Mm-hmm.

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

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

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

MS. HERBEKIAN: Mm-hmm.

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

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

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

COMPTROLLER FRANCHOT: I want this one voted separately.

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

COMPTROLLER FRANCHOT: No.

TREASURER KOPP: Move approval.

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

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

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

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

TREASURER KOPP: So moved.

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

COMPTROLLER FRANCHOT: With the exception of that.

TREASURER KOPP: Right.

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

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

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

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Can she come up?

SECRETARY MCDONALD: Yay Jane.

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: Thank you very much.

MS. BAILEY: Thank you.

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

MS. BAILEY: Thank you.

(Laughter.)

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

(Laughter.)

MR. PORTS: There you go.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you again.

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

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

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

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

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

MS. NAPIER: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

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

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

MS. NAPIER: Yes.

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

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

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

MS. NAPIER: The traffic.

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

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

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

MS. NAPIER: Exactly.

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

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Favorable. Second.

LIEUTENANT GOVERNOR RUTHERFORD: All in favor.
Thank you.

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

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