
STATE OF MARYLAND
BOARD OF PUBLIC WORKS

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

**July 24, 2019
10:00 a.m.**

PRESENT

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Treasurer

HONORABLE PETER FRANCHOT
Comptroller

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PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Well, good morning.

ALL: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Well, I just want to start by saying that you know that the Governor is not here by the fact that I'm here. But I do want to mention that we just launched Monday the new eMaryland Marketplace Advantage to replace the legacy. And I see Bob Gleason in the back there. And I would like to just commend Bob and the entire team. Bob is our senior procurement executive, works within the Department of General Services, and has been leading the charge with reforming and modernizing our procurement process, but also in implementing the new eMaryland Marketplace. And so from what I have heard, and Bob you can correct me, there has been very little if any difficulties in this transition. Some of the, I guess, you know, more people awareness and getting used to the new system but it is something that brings us into at least this century, where we were in the last century or decade before. And I want to thank Bob and all those, Sachin and Jamie and all those who were involved in that. Thank you very much.

TREASURER KOPP: Congratulations.

LIEUTENANT GOVERNOR RUTHERFORD: With that, I'd like to turn it over to the Treasurer for any comments.

TREASURER KOPP: Governor, it's good to be here. There's a big Agenda and some difficult issues I look forward to dealing with and hope we can arrive at a good conclusion. I do have to say I just returned from a very intense weekend in New Jersey at my grandson's first birthday --

(Laughter.)

TREASURER KOPP: -- and two days of babysitting. So it's a pleasure to be here.

LIEUTENANT GOVERNOR RUTHERFORD: That can be very intense. Yeah.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Very good. Usually the first birthday, if I can recall, the one-year-old really doesn't understand what's going on. And it's all about the parents and the grandparents.

TREASURER KOPP: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: It's their celebration and a celebration of, you know, what has taken place over the last year and maybe they are getting bit more sleep, so.

TREASURER KOPP: Let's hope.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Comptroller?

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COMPTROLLER FRANCHOT: Yes, thank you, Lieutenant Governor and Madam Treasurer. And I'm glad to announce that James Franchot Borok was born two days ago, my --

(Laughter.)

COMPTROLLER FRANCHOT: -- first grandson.

LIEUTENANT GOVERNOR RUTHERFORD: Wow.

Congratulations.

COMPTROLLER FRANCHOT: He's totally clueless, I can tell you that. But --

(Laughter.)

COMPTROLLER FRANCHOT: -- so hats off to everyone and I'm delighted to be here. I did want to comment on the fact that my hometown was involved in a controversy recently. This is Takoma Park, where I've lived for 40 years, raised my family there. It's a wonderful community. I had the privilege of representing Takoma Park for 20 years in the Legislature and now 13 years as Comptroller. It is my home. I've always found it to be a city of welcoming and inclusion.

As a Takoma Park resident and as a taxpayer, I was very troubled by the City government's decision to sponsor a showing of an anti-Semitic documentary and a panel discussion that included an individual, this was last night, who has publicly called for the destruction of the State of Israel. I'm

extremely disappointed that notwithstanding the objections and concerns expressed by many residents of Takoma Park and elected officials in Montgomery County, the City decided to move forward with the film and the panel discussion as part of the, if you can believe it, “We Are Takoma” Series.

I’m fine with freedom of speech and political expression. I’m not fine with local government using tax dollars to peddle the same bigoted dog whistles that have been used to rationalize hatred, discrimination, and violence against the Jewish people for hundreds and hundreds of years.

In a time when our political discourse has plunged into the lowest levels of incivility, when racism and bigotry are common themes in tweets coming out of the White House, when religions are being used as weapons of hate and division, I would have hoped that the leaders of Takoma Park would have exercised better judgment than sponsoring an event featuring a film produced with malice and hate against the Jewish community. Indeed, the critical ingredient to this nation’s greatness is the diversity of our people. It’s my hope that moving forward, communities across Maryland and across our country will find more opportunities to celebrate our differences instead of widening the fault lines that exist within our nation today.

Thank you, Lieutenant Governor. It’s a pleasure --

LIEUTENANT GOVERNOR RUTHERFORD: No, very well said. Thank you.

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, very well said. Thank you very much. Before we get to the Secretary's Agenda, two quick things. Madam Secretary, what we're going to do is after your Agenda we're going to take Transportation first, followed by the Department of Information Technology because the good Secretary, who I think is a little crazy, had knee surgery last week and has limped in here, you know, I guess trying to be a trooper. But he really should be at home. But that's just my opinion.

But before we get to those, I have one more announcement, series of announcements. We want to recognize some long-time Department of Transportation employees. I want to mention them in order, or this order that I have. Michael Bailey is a Project Engineer who has worked for State Highway for 54 years.

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: He's a graduate of Baltimore City Junior College, so you know that was a few years ago when they were still calling them junior colleges. He started as a lab technician at the State Roads Commission, that also tells you that was a few years ago, eventually progressing into inspection and project engineering roles on construction projects, and currently serves as Office Engineer in the State Highway's District Office

here in Annapolis. Michael, thank you very much for your service and as I go through everyone, we'll bring you up and others for a presentation of a citation.

Also, we're recognizing Roy Cannon. - Roy is a Right of-Way Agent who has been with State Highway for a mere 50 years.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Roy has worked on numerous projects, such as I-70 and Maryland 100. Throughout his career, Roy has met hundreds of landowners adjacent to roadways and road projects. Roy's vast institutional knowledge has helped respond to and secure federal assistance in Ellicott City during those flooding events.

Also, and I hope I pronounce your name correctly, Leondis Session is a Dispatcher who has worked for Maryland Transit Administration for also 50 years. Lee served in the Army until 1967, when he started driving for the Baltimore Transit Company, again dating himself, now known as Maryland Transportation Administration. After taking a break to attend Morgan State, he returned in 1969 and worked as an Operator for 13 years and a Dispatcher for 37 years and counting. Lee says that he looks forward to many more beautiful days at MTA.

And Nancy, and I hope I get your name correct, Althoff has been a Toll Collector for the Maryland Transportation Authority for 50 years. Nancy has spent her entire career working at the Bay Bridge, greeting countless travelers.

She met her husband when he was a police officer assigned to the Bridge. And keeping things in the family, Nancy's daughter Catherine Bankhart, who is also here today, began her career with the Transportation Authority before eventually moving to the Secretary's Office of the Department of Transportation. And I understand Nancy at one point had to board buses and count the individuals on the bus. Is that true? Where's Nancy?

MS. ALTHOFF: That's true.

LIEUTENANT GOVERNOR RUTHERFORD: That's true?

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: So those were the days of charging per person to go across the Bridge. There wasn't as much traffic back then, I guess. So if everyone could come up, we have citations.

SECRETARY MCDONALD: Can you all come around this way?

LIEUTENANT GOVERNOR RUTHERFORD: I can pass it back up --

(Laughter.)

(Applause.)

COMPTROLLER FRANCHOT: Go in next to -- yeah.

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: Oh great. That's good. Thank you. All right. Thank you.

TREASURER KOPP: Governor, while we're talking about MDOT, and I noticed the former Deputy Secretary, I came from an appointment with MVA this morning at 9:00 this morning to get one of those updated --

LIEUTENANT GOVERNOR RUTHERFORD: Updated --

TREASURER KOPP: -- drivers licenses, and I want to say it was on Harry S. Truman Parkway --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- in Annapolis. Yes.

(Laughter.)

TREASURER KOPP: They, the people there were so efficient, friendly, it just was a really good operation. I just want to --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. No it's --

TREASURER KOPP: -- we don't hear that --

MR. PORTS: You can thank Christy Nizer.

LIEUTENANT GOVERNOR RUTHERFORD: Christy Nizer, yes.

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: Yes. There is a very big difference in what is happening at MVA.

TREASURER KOPP: Well organized.

LIEUTENANT GOVERNOR RUTHERFORD: Well organized and the employees are very helpful and courteous, and seem happy to be there.

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: And so that is nice. One more thing, and I just, you know, when seeing Secretary Ports, or Administrator Ports now, congratulations, Jim Ports, who is the Executive Director of the Maryland Transportation Authority. Congratulations to you. Big job. Now which toll booth are you –

MR. PORTS: Whatever one you want me in.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: But I also want to say that Jim and I had the pleasure yesterday of watching real football at the Redskins FedEx Stadium, Real Madrid versus Arsenal. Real Madrid won on penalty kicks. I know everyone is fascinated about that.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: And so it was a wonderful, wonderful time there. So, Madam Secretary?

SECRETARY MCDONALD: Good morning, Governor Rutherford, Madam Treasurer, Mr. Comptroller, we have 17 items on the Agenda this morning, three reports of emergency procurements. We're withdrawing Item 5, which will come back later.

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LIEUTENANT GOVERNOR RUTHERFORD: This is just a matter of curiosity on my part and, you know, it's in the public record. Item 3, the wetlands license, Anne Arundel County. It's -- and you don't need to come up. Is this Norm Mineta, the former Secretary of Transportation?

SECRETARY MCDONALD: It is. It is.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, great.

SECRETARY MCDONALD: Mr. Morgante, the Wetlands Administrator, prepared the item and when I saw it going into the Agenda I was like, that's Norman Mineta.

LIEUTENANT GOVERNOR RUTHERFORD: That's Norman Mineta.

SECRETARY MCDONALD: And --

LIEUTENANT GOVERNOR RUTHERFORD: I thought he went back to California. So he's a Marylander paying taxes here.

SECRETARY MCDONALD: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you, Norm Mineta. Okay.

SECRETARY MCDONALD: And he is a bipartisan cabinet secretary. He served under Bill Clinton and George W. Bush.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, he was a cabinet secretary, a former congressman, a long time congressman from Northern California.

Item 7, this is the net zero single family, and Item 8. I see the Secretary is here. Secretary Holt, good morning.

MR. HOLT: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: This is a very interesting, you know, program. I see that we're providing a loan which is second to, I guess, their construction loan. My concern with it is just how many people are actually aware of the program? You know, when I look at a multimillion dollar or a million dollar construction home, the average Joe, with the exception of Montgomery County, of course, can't necessary afford that type of purchase or construction. It's just, I imagine we don't have an income cutoff, per se. But how many people, how are we making people aware of this that a moderate priced person who wants to buy a home or build a home can apply for this type of assistance?

MR. HOLT: Well, good morning. I'm Ken Holt, Secretary of the Department of Housing and Community Development. I appreciate your interest in net zero.

From the standpoint of marketing and branding -- that looks like you on the cover there.

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LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. HOLT: We, I think, are doing a very good job through our website and with collateral that's available when we go out to conferences and conventions to talk about net zero. The program, from a standpoint of general fund appropriation, was sort of reduced pretty significantly. And we decided two years ago to try to put focus and attention and some capital behind it. We had a \$500,000 general fund appropriation. That is being used in nine units that are being constructed in Talbot County. These are going to be moderate to low income --

TREASURER KOPP: Item 8.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, that's Item 8.

MR. HOLT: -- and that's the next item. So basically, we have ten that we're addressing now. Last year we provided significant capital for the construction of 75 units of veterans housing at Perry Point. That also used, it was about a \$23 million construction project. We used about \$1.4 million to create a solar farm so that veterans would have either no electric cost or a very reduced electric cost. So, in 2017 we had one project in I think Mount Rainier. In 2018, we had 75 units in Perry Point. And then this year we're trying to expand regionally across the State.

So we have these two opportunities. There is no income requirement. The purpose of it is really to try to get developers, contractors, to understand the construction of net zero housing and to participate in it. And in this particular Montgomery County instance, we have a very enthusiastic buyer who is putting a substantial amount of their personal means into a mortgage and we're providing a loan of \$143,000 to provide geothermal and solar to help reduce the energy consumption in that particular house.

It's a great program. I think it ought to be expanded. We're using some Regional Greenhouse Gas Initiative money, called RGGI money, to help grow this program in addition to our general fund appropriation, which is modest. So I think that this is really a very good beginning and allows us to gain some momentum with the program.

LIEUTENANT GOVERNOR RUTHERFORD: So the marketing is primarily to developers. In the case of the multifamily in Talbot County, it's their local housing authority, housing commission?

MR. HOLT: It's the local housing authority, in partnership with a developer called Flywheel. And I think it's a very good sort of union of public and private interests. In the case of Montgomery County, that individual, looking through our website, saw the program and became very enthusiastic about the program and about essentially acquiring property, demolishing an existing house, and building a net zero structure there.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. HOLT: So from what I understand from him, this program incentivized his construction of a net zero home.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. And what is the interest rate we charge on the second one?

MR. HOLT: The interest rate is two percent.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. HOLT: And that's, it really is a range, two, three, or four percent. And it's driven by the amount of energy savings. And in this case, it's essentially near zero. In other words, the consumption of energy in the house is being offset by energy that is being generated into the grid to create net zero energy impact.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Very good. Hopefully after, if this item, two items, are approved, you'll put out a press release and maybe our friends in the media will help get that information out. Because I'm just not sure a lot of people are aware of this. You know, this individual, like you said, he went on, he or she went on the website and found it. But this is a person, like, that's really investing in a home that's going to have substantial value above what a lot of people can pay for.

MR. HOLT: I completely agree. And this individual was subsequently elected to the Planning Board in Montgomery County. And I think

his enthusiasm for the program, hopefully, will be reflected in his promoting it as a member of the Planning Council.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

Any questions?

TREASURER KOPP: No, I have to say I had the same question, Ken. I think it sounds like a great program and we should be pushing it and we should be funding it.

MR. HOLT: Yes.

TREASURER KOPP: It's in the State's interest. It's in everyone's interest. But I would hope that the primary function would not be to help those who obviously have capacity way beyond even the typical person in Montgomery County.

MR. HOLT: Yeah. I think that's very fair but --

TREASURER KOPP: It's just a concern.

MR. HOLT: -- you know, our programs essentially are designed to assist any individual --

TREASURER KOPP: Right. Not --

MR. HOLT: -- you know, who --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: But the question is, the more people who know about it --

MR. HOLT: Yeah.

TREASURER KOPP: -- the more, the larger range of people you have in the pool, you're actually not going to be able to service everybody, I hope. And there has to be some understanding of priorities, which I assume will be getting as many houses net zero as possible --

MR. HOLT: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. HOLT: We agree. And I think we're pushing it very aggressively now. And this is sort of a launching pad, these ten units, so.

TREASURER KOPP: Yeah. That's great. And the fact that it's all over the State.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

MR. HOLT: Exactly.

TREASURER KOPP: Talbot County --

MR. HOLT: Talbot County, Montgomery County. Exactly.

LIEUTENANT GOVERNOR RUTHERFORD: Do you want to go?

COMPTRROLLER FRANCHOT: No.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. HOLT: If I could --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

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MR. HOLT: -- take a moment of persona privilege and address the Comptroller. I just want to tell you that, you know, all of us are shaped I think by the support and love that we get from our mothers and our fathers. And this is best expressed when they come and attend in the audience, ball games, concerts, spelling bees, things that we do as children. And there was not one single Board of Public Works meeting that I attended that your father was not sitting in the front row.

COMPTRROLLER FRANCHOT: Thank you.

MR. HOLT: And he was a great credit to you and you to him.

LIEUTENANT GOVERNOR RUTHERFORD: Very good.

COMPTRROLLER FRANCHOT: And now we have Jack Franchot, yeah.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: All right. Thank you. Any other questions on the Secretary's Agenda?

COMPTRROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Second, and all in favor?

TREASURER KOPP: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

Department of Transportation?

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MR. LEWIS: Good morning, Treasurer Kopp, Lieutenant Governor Rutherford, Comptroller Franchot.

LIEUTENANT GOVERNOR RUTHERFORD: Let's give a second to --

MR. LEWIS: Sure.

TREASURER KOPP: Did we do DNR?

COMPTRROLLER FRANCHOT: No we --

LIEUTENANT GOVERNOR RUTHERFORD: We're doing Transportation next and then IT --

TREASURER KOPP: And then --

LIEUTENANT GOVERNOR RUTHERFORD: -- we'll do IT -- okay. Okay. Sorry.

MR. LEWIS: Good morning. For the record, my name is Earl Lewis, Deputy Secretary with the Maryland Department of Transportation. The Maryland Department of Transportation has 27 items to present to you today. As a side note, six of these are small business reserve contracts, procurements totaling nearly \$10 million. And we have representatives available to answer any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well I do have questions about the Small Business Reserve Program, or the contracts. I was looking at 20-M and if I follow my little pages correctly, it's followed by 21. And

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the others in there. And I really appreciate the fact that the Transportation, State Highway, is utilizing the Small Business Reserve Program. I do want to stress, and I'm going to raise this when the University System comes up because they have a procurement in the Small Business Reserve, is that we can award contracts at a higher dollar value to the small businesses. They can do beyond the, you know, \$700,000 contracts. So, you know, I encourage you and the other agencies to talk to their procurement officers in terms of doing their due diligence to see that some of these businesses can do higher value contracts. Because one of the challenges that we have with the Small Business Reserve is that there are small businesses that just say, well, I'm not sure why I should even worry about it because I can compete on the fair and open and they can do fair and open, but the Reserve also encourages them to utilize this program.

One question on 23-M, the contractors listed as an award, Outdoor Contractors, Inc. of Hancock, and then the bid says Outdoor Contractors, Inc. of Williamsport. Is that a mistake? Or is that two different locations or --

MR. LEWIS: Jada, right here, I believe we have a representative from State Highway. I'm going to guess that's a mistake.

LIEUTENANT GOVERNOR RUTHERFORD: Tsk, tsk, tsk.
Okay.

MR. LEWIS: Yes, we'll fix that. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Okay.

See, I do read, I read these things.

MR. LEWIS: Oh, I know you do.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

(Laughter.)

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

COMPTROLLER FRANCHOT: I had a question on Item 27. This is a request from the Department of Transportation to award or modify five master contract task orders totaling \$1.5 million. The one I'm concerned about is a \$297,000 single bid contract to Rhinehart Railroad Construction. Typically I vote against single bid contracts. This is for minor, safety-related improvements. According to MTA the two non-bidding master contractors were only interested in bidding on track specific work. But looking at the item documents it indicates that the work is for Light Rail track rehabilitation. I would like the administrator if he's here to just explain why this was a single bid project.

MR. LEWIS: Yes, both Joe Sedita and also Kevin Quinn are both here.

COMPTROLLER FRANCHOT: Thank you.

MR. QUINN: Okay, good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

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MR. QUINN: Lieutenant Governor, Madam Treasurer, Mr. Comptroller, my name is Kevin Quinn. I'm the Administrator of the Maryland Transit Administration. I'm going to turn it over to Joe to discuss specifically the single bid issue.

MR. SEDITAL: For the record, my name is Joe Sedital. I'm the Director of Procurement at the MTA. Regarding this particular single bid, the name of the contract is Ancillary Metro and Light Rail Track Rehabilitation but the scope of work allows for minor repairs and maintenance associated and surrounding the track as well. So the scope of work does allow for beyond just straight as you think about it track work.

Regarding the single bid issue in particular, we did contact both of the other vendors that did not bid and we received responses for why they didn't bid on this particular project. On this project, one of the vendors said that at the time they just had too much of a work load and weren't able to send people out and perform on this job. So they didn't bother bidding. And another vendor said that at the time when this bid was put out, that they wanted to only do track specific work. And there was also an element about the time when the work was being performed, which is over the weekend and at night, that they had a concern about having people out at that time. So they chose not to bid.

Obviously, per your point, this isn't something that we want to have happen and we always try as much as we can to avoid it. But I think this is

largely a result of the single bid occurring at the timing of when the procurement occurred versus anything related to the contract itself or the procurement.

COMPTROLLER FRANCHOT: Okay. Since you're up there, Mr. Administrator, let me just ask about the 14 Light Rail stops that MTA intends to shut down for three weeks of maintenance. Obviously, everyone is a little bit on edge, this sinkhole --

MR. QUINN: Yeah.

COMPTROLLER FRANCHOT: -- I think it's the granddaddy of all potholes, I guess --

MR. QUINN: Yeah.

COMPTROLLER FRANCHOT: -- up in the City. That is obviously going to continue to impact mass transit in general. And I guess that some of the local press reports up in the City talk about your detailed plans for additional closure and disruptions to the Light Rail service. I understand what you're after, which is safety for the passengers. But are you confident that you're going to be able to make these repairs within a three-week time period?

MR. QUINN: Yes. So let me just address the two issues that are kind of in play here.

So the first is the City's infrastructure, the water main followed by heavy flooding about two and a half weeks ago at the corner of Howard and Pratt Streets. So as a result of heavy flooding, there was a lot of dirt, of earth, that was

removed from under the street that resulted in this massive, granddaddy, great-great-granddaddy of a sinkhole. And so as a result, that's directly adjacent to the Light Rail tracks. So we can't safely run trains there at that time, but that's not, that's a City infrastructure project and so they are working on that.

Simultaneously, further north up around the Coldspring area, we have been planning for around a year now to do a three-week planned maintenance that just so happens to be during this time right now. And that's to address some rail replacement issues, some erosion issues adjacent to the tracks and catenaries, some tree trimming, things like that that are further north.

So unfortunately what's happened here is between the sinkhole downtown and this planned maintenance that we need to get done for the safety of our passengers, we now have a bus bridge that's going roughly from Lutherville, starting tomorrow it will be from Falls Road down to Camden Station with express and local buses.

To your exact question, we are on schedule to meet that three-week timeline. I can't speak to the City's timeline with regard to the sinkhole and the impact on the infrastructure and whether that will be complete in the same time. If that's not complete, we will still have a bus bridge operation in place.

COMPTROLLER FRANCHOT: Okay. But you have an alternative mass transit service. That's excellent. And if you could just keep us

informed about what exactly the schedule for the closures being lifted. Because obviously they are critical to the --

MR. QUINN: Yes.

COMPTROLLER FRANCHOT: -- great City of Baltimore.

MR. QUINN: Absolutely.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. QUINN: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: This is not like the D.C. Metro situation, where they closed the various Virginia stations because of problems with the platforms. So I think they're closed the rest of the summer, as a matter of fact. But they also are offering bus service. For those of you coming from Virginia, or staying in Virginia. Okay.

COMPTROLLER FRANCHOT: If anyone sees Paul Wiedefeld, give him my best.

(Laughter.)

COMPTROLLER FRANCHOT: No good deed goes unpunished over there with Metro. But thank you for that and I'd move approval unless the Treasurer has some questions.

LIEUTENANT GOVERNOR RUTHERFORD: Any questions on Transportation? I think we have a second and we're all in favor. Thank you.

MR. LEWIS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: So now we go to
Department of Information Technology.

MR. LEAHY: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Michael Leahy --

LIEUTENANT GOVERNOR RUTHERFORD: One second.
Let's let the people --

MR. LEAHY: I'm sorry.

LIEUTENANT GOVERNOR RUTHERFORD: -- transition.

MR. LEAHY: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. LEAHY: Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Michael Leahy, Secretary of the Department of Information Technology. Today we have 12 items on your Agenda. Two are hand-carried, and we are withdrawing Item 7-IT. I have agency representatives available to answer questions on the remaining items.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Okay. In the days long ago when I was still practicing law, in a deposition I would often ask if a person had been taking medications that day --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: -- whether you're, you know, feeling well enough to answer questions truthfully and honestly and understand the gravity of the situation. So I know that you're probably on pain relievers of some sort today. And also, as the Chair of the Opioid and Heroin Task Force --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: -- I caution you on how much of these wonderful medications you're using. They are for a short period of time and be careful. If you feel that you're still in pain after a while, talk to your physician. And by all means, go to Advil or other items across the counter, Tylenol. Okay.

I have a question on, I will start with 3-IT. This is the data center co-location, TierPoint, Maryland data center.

MR. LEAHY: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: A sole source contract, which is larger than the original contract and basically a 200 percent increase. Can you tell me why you didn't just bid this out? Are there no other data centers around?

MR. LEAHY: The simple answer is that we have utilized the TierPoint facilities and our utilization has grown in such a way that under this contract there had been the expectation that their new facility would come on line

and be part of this. We are looking at utilizing the cloud far more than we have in the past and rather than undertake contractual obligations, there are no other data centers that are central to Maryland to fulfill this use, we've determined that based on the existing contract and their new facilities, this was the most appropriate model as we transition to a hybrid model and a cloud model.

LIEUTENANT GOVERNOR RUTHERFORD: How long do you anticipate the transition? This is a five-year contract.

MR. LEAHY: I expect the growth of the use of data and our use of the network facilities and the data center will continue throughout the five years. And this will act as a disaster recovery and a backup to systems as we move more and more of our systems to the cloud.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now last week when we were going through the heat wave, burning through my heart just like the old song -- I guess no one remembers that.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Was that the Marvelettes? I don't remember. That the Comptroller's data center was shut down for a short period of time. Are we transitioning that data center as well to commercial data centers or a cloud-based --

MR. LEAHY: There is no plan specifically to do that at this time, although we have certainly looked at that opportunity and expect to do that at some point in the future. But it is not currently on our Agenda.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So the reason for not rebidding was that you liked what TierPoint is doing and you feel they can handle it, but you also said there was no other data centers in the region? Is that --

MR. LEAHY: That's correct, that are -- there are technical issues with latency and other relationships in terms of how we are currently running our servers and their facilities that would make it not cost effective to move to another data center in the interim. Because our utilization is continuing to increase --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. LEAHY: -- and we would effectively need multiple data centers for, you know, a two- to five-year period.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. LEAHY: And it made more sense economically and from a technological standpoint to continue to work with the folks from Tier Point. Because when this contract was originally let, they had already stated as part of their bid that they were going to be moving forward with their new facility in Laurel, which we took to provide us with additional access --

LIEUTENANT GOVERNOR RUTHERFORD: You know, parts of Laurel are in a flood plain. So I hope --

MR. LEAHY: To my knowledge, the data center is not, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Parts of it are in the flood plain. So okay. Well we'll, when, you know, a little bit later and when you're feeling better, also, we'll talk more detail about the data center concept and just the fact that we, you know, and I'll have to take your word on the competition. I just, you know, would think there are more data centers that are in the area that we could utilize. When you say the legacy side, is it the fact that we're running a lot of our applications on Cobalt? So we have to open the gate at the old folks home to get the programmers to come in? So okay.

MR. LEAHY: That's truer than most folks know, sir.

LIEUTENANT GOVERNOR RUTHERFORD: No, I'm quite sure it is. Because Cobalt has been gone a long time. So anyone under 50, you know, or probably 55, never saw Cobalt. Yeah. So okay.

TREASURER KOPP: Governor, could I just add, I hope, I was going to ask the same question, Mike. And I hope sometime in the near future we can have a discussion here of what your vision is.

MR. LEAHY: Absolutely.

TREASURER KOPP: I mean, this is a major --

MR. LEAHY: Absolutely.

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LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. LEAHY: I mean, I think everyone recalls back in 2012, the President mandated that the federal government was going to move everything to the cloud. And it was, you know, cloud now. Well, last year we suddenly changed that policy federally and it's now cloud smart because there are significant economies based on how one sets up different systems. You don't necessarily want all of your computing power occurring in the cloud. And so we are looking at optimizing those for the State and looking at our needs, you know, not just over the next five years but 20 years out. So I'm happy to have those discussions.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. How many data centers do we actually operate? The State, that is.

MR. LEAHY: Well, at this point --

LIEUTENANT GOVERNOR RUTHERFORD: Not the commercial ones but --

MR. LEAHY: Right. Well, that's a very interesting question on how we're going to define a data center. We have a significant data center in College Park.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. LEAHY: And then we have other facilities at various agencies that I would define as a data center for that agency. They might call it a computer room. But if there are a number of servers there --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. LEAHY: -- and it is cooled and operating on the network, it operates as a data center. And Steve, operationally, how many do we have currently? That are significant. Yeah. But other agencies --

LIEUTENANT GOVERNOR RUTHERFORD: But you have agencies that have --

MR. LEAHY: MDOT has significant, yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. And there are probably other --

MR. LEAHY: Yeah --

LIEUTENANT GOVERNOR RUTHERFORD: -- what I would call bootleg data centers, where they have a couple of servers in a room with an air conditioner blowing real hard.

MR. LEAHY: Right. Well and --

LIEUTENANT GOVERNOR RUTHERFORD: And a person sitting out front with a heater.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: That's what we had at, when I was at Department of Agriculture.

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: And we were shutting down these bootleg data centers because every manager wanted their computer outside their office, their IT person. And it just was, you know, from a security standpoint but also an energy standpoint it just was terrible.

MR. LEAHY: Well, as you know we've had significant success in finding a number of servers that weren't part of our official network and that we've been either incorporating them into the network or shutting them down.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That can be a big security issue.

MR. LEAHY: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: You know, because there could be the back doors. We see the ransomware. We see other things that take place. Okay. Thank you on that. I know we have a big question on your hand-carry. I do want to ask about 7-IT, which is public safety telecommunications.

MR. LEAHY: I think that has been withdrawn, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

MR. LEAHY: But whatever questions --

LIEUTENANT GOVERNOR RUTHERFORD: All right. I didn't listen well. I was engaged in your health. Okay. All right. The hand-carried item, I know there are some questions. Madam Treasurer, you may have one --

TREASURER KOPP: I have a number of questions about Items 11 and 12. They have a long history and I'm afraid that a lot of the questions we've had over the past several months have still not actually been answered. But I wonder if you have somebody who wants to present before we start raising questions about it.

MR. LEAHY: Well I'd rather just jump into the questions. As you said, there is a considerable history to this item and the principal reason I am here today, even though the Lieutenant Governor, fearful for my health, thinks I'm crazy, is because there has been considerable disagreement about some of the facts. And what I did not want to have occur today was that there would be further controversy because someone who wasn't directly engaged or involved in the discussions was attempting to talk about it.

So I thought it was important enough that I climb out of my sickbed and come out to talk about this today because I agree with you that there are some significant issues here. We have, you know, expended considerable resources at DoIT attempting to answer the questions that have been raised. And we have, you know, considerable record that in our attempts to address the issues have not been discussed outside of our meetings. So, you know, to the extent

there are specific questions, the more transparency the better because I'd like to get on with making this work for everyone. And, you know, as you raised the issue last fall about the transaction model, you know, we are in agreement with you that the accounting for that particular model should have been revised and was immediately, and that the audit of the transaction model transactions, all of them, during the operating period was done by an outside third party firm. And there were no material findings and the audits proved. So the concerns that had been raised that there was something amiss or that there was mis- or malfeasance incurred, I think should be put to rest. And as you've stated before, the key to all of this is to provide the best services we can most effectively, economically, and efficiently for the citizens of the State.

TREASURER KOPP: Okay. Well, let me say first of all I don't think there have ever been allegations of fraud or misconduct of any sort.

MR. LEAHY: Well, someone raised that with me the other day. That's why I came today.

TREASURER KOPP: All right. No I'm -- at this venue, and among us, there has never been such an allegation.

MR. LEAHY: Okay.

TREASURER KOPP: So I just want to make that clear for the record.

MR. LEAHY: Yeah, you and I have not had any such discussions.

TREASURER KOPP: Absolutely. But this is an issue and it's not just the Treasurer's Office, Mr. Secretary. You seem to think it is. But more than a year ago -- let me go back. This is a contract that the Board of Public Works approved, the contract with NICUSA --

MR. LEAHY: Yes.

TREASURER KOPP: -- to provide services to the public starting in 2011. And the contract that was before the Board in 2011, and the presentation of your department to us in 2011, was that it was essentially self-funded. That is, a person who wanted to get a license to hunt or whatever sort of license they wanted would be able to go on an electronic portal and purchase a license electronically and pay a fee for that service, the same way he or she would pay a fee anywhere. That there was no cost to the State, and by the way, when we say State we obviously mean taxpayers. Because we're not like the federal government. We don't print our own money. So there's no cost to the State. And that was the discussion and that was the contract and it was swell. And it went along that way for a while. And then apparently there was a change of heart and the agencies decided, or someone decided, that they didn't want fees out there. They wanted the State, the taxpayers the pay for the services instead. And that went on for a while. And now we're at this point. And you agree that that was not what was --

MR. LEAHY: Mm-hmm.

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TREASURER KOPP: -- presented to the Board originally. And you agree that in order to understand, in fact, what the transactions were, how much the taxpayers paid, how much the merchants, this company got for its services, you need to do some sort of audit. And there was a meeting last -- was it May or June? June, last June, with representatives of the Board of Public Works. Not the Treasurer's Office, Board of Public Works and your department, and everybody agreed that an audit should be performed. And in order to know how much was spent and therefore, by the way, how much to project if we're going forward, there would have to be an audit of the transactions. Everybody agreed with that. Your department contacted our department in September or October to make sure exactly what would be required in that sort of an audit.

MR. LEAHY: Mm-hmm.

TREASURER KOPP: And acknowledged that's that what they were going to do. But we still haven't seen that. The staff hasn't seen it. We certainly haven't seen it. And the concern is that we don't know how much actually has been spent without a clear audit of those transactions. We've had an audit of the company. It's very interesting. It's a very good company. The audit was quite good. But we haven't had an audit of the transactions and you need to know what the cost was in each of those transactions, there are many different licenses with different costs and different departments, in order to know what the

taxpayers have paid. We've been given different numbers over time and now in the next item -- this is Item 11.

In Item 12 we're asked to approve a contract going forward that incorporates Item 11 and projects that it will cost about \$4.5 million, but we really don't know because we don't know what was spent before. And I for one simply do not understand why we have gotten to this point, and as they point out there are hundreds of millions of dollars of transactions. Apparently, they received very little revenue for it. They give us numbers for the revenue but, again, there's no substantiation. So we don't know.

So I am just very concerned how we can approve 11 without having that basic information.

MR. LEAHY: May I address --

TREASURER KOPP: Yeah, sure.

MR. LEAHY: -- your statements? To begin, you suggested I agreed with certain things that I don't agree with. All right? What I had said was that it is my belief and my understanding of accounting that providing a netting of fees, which was, the problem was that was raised, is inappropriate. Because we do not know what the actual transaction fee impact was on the permitting fee or the licensing fee or whatever. You are only remitting the net fee. We do not have a complete picture of the transaction and the cost that's associated with it. So that's what was repaired, all right?

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The second point is I, with all due respect, and I've practiced law for 35 years, I read this contract and the documents associated with it very differently, and I'm happy to provide the Board copies of all the documents from early on in the discussions with the executive steering committee, of which your personnel participated, of the approvals, of how things were to be operated. And there are significant reports that demonstrate that your office was not only aware of the possibility of using transaction fees and also other services that were provided for free, but was part of those decisions. So to say, you know, in 2018 that this was something that was completely out of the scope of the contract and not within the purview of the steering committee folks involved with it, I take exception to.

The other piece of this that you raise is that we have worked diligently at DoIT. I could provide you reports of man hours of my subject matter expertise and my senior staff, that have taken time away from other important matters to attempt to address the issues that were arisen with regard to what the audit was to provide. The request for the audit we were told by more than one outside auditing firm was unreasonable to audit specifically 600 million transactions and physically impossible. And we have discussed that. So what we asked to occur was that all of the transactions that incorporated transaction fees be audited. And my understanding is your folks said that was not acceptable. You

still wanted all 600 million transactions over the last eight years incorporated into the audit --

TREASURER KOPP: Could I interrupt just for a moment?

MR. LEAHY: Please.

TREASURER KOPP: You keep looking at me and saying my folks. I assume you're looking at everybody here --

MR. LEAHY: I'm looking at everyone. Absolutely.

TREASURER KOPP: -- because it was the Board of Public Works, not the State Treasurer's Office.

MR. LEAHY: Well, okay.

TREASURER KOPP: Yeah, it was.

MR. LEAHY: The concerns that were raised were raised from your staff. And it may have well been purely on behalf of the Board of Public Works. And I will certainly accept that. My concern here goes to the fact that the audit that was requested was impossible. We provided an audit of all of the transactions utilizing the transaction model and the Board of Public Works, for whatever reason, decided not to enter into an agreement to read the audit report that was provided. And so I've seen the report. And as I said, it says there are no material issues with regard to all of the transactions incorporating the transaction fees. I am happy to share that with you. But obviously, we have to sign off to the

auditor that it will remain in confidence and not be distributed elsewhere, as was our agreement with them.

LIEUTENANT GOVERNOR RUTHERFORD: Is that because there's proprietary information?

MR. LEAHY: Yes. Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. LEAHY: I share your concern. I believe that the accounting of these sorts of transactions should be absolutely transparent and the netting of fees is clearly inappropriate. So we changed that the minute I was informed that that was occurring. And --

TREASURER KOPP: So we got a lot of information and apparently there is something now that none of us can -- I'm dumbfounded. I just

--

LIEUTENANT GOVERNOR RUTHERFORD: I guess we would have to sign the non-disclosure.

MR. LEAHY: That was the question.

SECRETARY MCDONALD: That is correct. We received a non-disclosure statement for me to sign on behalf of the Board on Monday, that the report would be available Monday night. It had language in the acknowledgment for me to indemnify the auditor and for me to have the -- then go according to the

laws of the State of New York. So I merely said I would not sign it just on my own because of those two things.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

SECRETARY MCDONALD: It came back on Tuesday. It had had the indemnification paragraph taken out and now said the laws of the State of Maryland. I looked at it. It did say that if it was disclosed to the Board it was not to be discussed, also that the Board would find the procedures sufficient for their use and all. So I distributed it to your offices and I asked if the Board would, Board members individually, would endorse me signing it. And I did not receive endorsements for me to sign it, other than one of the Board members and I think that that Board member can then sign it themselves. I did not want to sign on behalf of the Board. And it was something that was only prepared Monday night/Tuesday morning.

COMPTROLLER FRANCHOT: Could I just add, I appreciate the Treasurer and her team and the Governor's team and everybody looking at this issue. Because I think it's much broader than just this audit issue. We're being asked to retroactively approve \$11.7 million in additional funds to a contract with, I'm not sure how to pronounce this, NICUSA for eGovernment services for the State, including online payment processing. So this was billed, I mean, the Treasurer mentioned that we approved the original contract back in 2011. And two of us were here. And let me just quote, Mr. Secretary, because I really

exempt you from some of this problem and mess that we have right now. But back in August of 2011, your predecessor, DoIT Secretary Elliot Schlanger, said before this Board, and I quote, “the beauty of the self-funded model is it is done without any cost to the agencies of the State.”

So here we are eight years later, \$11.7 million later. I guess we can say this contract is far from self-funding. In fact, State agencies have taken millions of dollars out of their agency accounts to subsidize the cost of taxpayers accessing their services using credit cards online. We all do that all the time. And I don’t really argue with that policy. I can see why State agencies could in effect pay for the cost of citizens to purchase their services in a convenient fashion. What I’m concerned about here is transparency, and accountability, and urgency.

The Board was flat out misinformed in 2011 when it was told that this contract would not cost the State a penny. In fact, unbeknownst to this Board, not only were agencies racking up massive bills to the tune of millions of dollars. Without this Board’s knowledge the Department of Information Technology failed to bring the renewal options on this contract back to the Board. So we have two major failures of transparency here. The Board was misled when it originally voted to approve this contract, and the agency responsible allowed this contract to continue in place long after it should have expired in 2016.

A related and no less serious issue is the issue of accountability raised by Treasurer Kopp. For the agency to stand before us today asking that we retroactively approve a payment amount it has been unable to say with 100 percent certainty is accurate is wrong. We're talking about more than \$8 million at least in taxpayer dollars that agencies allowed this vendor to keep with no accountability.

I've been informed there's a report, as mentioned, 19 months ago, after this issue came to light, was finally made available to the Board yesterday, clarifying all of this issue. I got lost a little bit in the weeds as it went back and forth. I'm obviously not going to sign any gag order or non-disclosure agreement. That's, I believe, completely inappropriate.

So the conversation today has not really created any confidence on my part as far as accountability. I will say I'm glad to hear that as of July of last year we finally started keeping track of how much in State taxpayer dollars was going out the door, but clearly there were safeguards for the taxpayers that should have been put in place before that point, which brings me to my last point of urgency.

Here we are at the last meeting before this contract expires and being asked to clean up a mess retroactively by blessing \$11.7 million in spending, which by the way we don't know for sure if it's an accurate amount,

and to approve a new contract with this vendor, or else citizens will be unable to pay for government services online.

So those are three issues that I want to bring up. I want to compliment the Treasurer. I know it's not easy for her and the staff and the Board staff to get through all of the detail in this, but I think it's a very important issue that we're bringing up here. And I would actually suggest that we defer Item 11 until the department comes back before the Board and is 100 percent certain with the total amount the State has paid out to the company, to the vendor. That was one motion. And I would defer to my colleagues on the Board as to whether they want to support that or amend it.

Additionally, I would propose an amendment to Item 12. I would move that the Board modify the contract term to one year with one six-month renewal option. Because there's absolutely no reason, in my mind, why we need more than a year to competitively bid this procurement. I think that's the most reasonable amount we've gotten from looking at other contracts like this around the country. And then if there's a six-month period of phasing in should the incumbent lose, I can see a six-month extension renewal option. That might be unnecessary if the incumbent wins the new bid. But I would offer those two amendments as a path to go forward. But I'll defer to the Treasurer because she really has led the way on this and I salute her and her staff.

MR. LEAHY: Mr. Comptroller, may I add to the discussion before you discuss the motions?

COMPTRROLLER FRANCHOT: Sure.

MR. LEAHY: Because you've raised a couple of points that I think additional information may be of value to the Board. The first point you mentioned was that the two extensions to the contract were brought forward without going to the Board, and that is correct. My understanding of both of those extensions was that they were listed as costing the State \$40,000, which was well under the \$200,000 threshold. And so on that basis, that's why they didn't go forward. It was not an attempt to undercut the process. Because I agree with all the Board members that transparency and accountability are terribly important.

The second issue, though, is --

TREASURER KOPP: But that was because they didn't include the transaction fees that the State was paying?

MR. LEAHY: Yes. That's the case.

TREASURER KOPP: Mm-hmm.

MR. LEAHY: The second point, though, I think, is more important. And it goes to the Comptroller's underlying question about what this contract is actually about. And what has caused our concern is the methodology of accepting payments or paying for various services. This is not merely a payment gateway. Just as, you know, Mr. Comptroller, the numerous systems

that your office utilizes with IBM is dependent on IBM's proprietary technology, all right, you couldn't just end those contracts because of a payment gateway. You would have to replace the underlying technology. And what this contract actually entails is that this particular vendor has over the last eight years provided the infrastructure and the applications and the service desks and the methodology for how much of the State's important day to day business gets done. And for us to replace the systems that the Department of Transportation is reliant upon, would take more than six months. If this contract ends, we will have to rebuild all of those applications ourselves, either through new procurements or through our own resources. And so what I want to be very certain we're clear about is this contract is not merely a payment gateway contract. It is for actual application and software services that we are not in a position today to immediately rebuild without substantial restructuring of both the budgetary and the resources of the agencies involved.

COMPTROLLER FRANCHOT: Okay. Let me ask, can you rebid this and get us a competitive bid within a year?

MR. LEAHY: Well, what I have been informed --

LIEUTENANT GOVERNOR RUTHERFORD: I think it would be good to talk to Bob Gleason, who is, you know, our senior procurement executive, from the standpoint, generally speaking, and I know he hasn't looked at this particular application. But, you know, we just went through the bidding of

the new EMMA system, which required a lot of coordination and implementation and connecting with existing systems in terms of the time often associated with rebidding a major --

MR. LEAHY: Sure. But --

LIEUTENANT GOVERNOR RUTHERFORD: -- information technology, if you can come up, Bob? You can continue --

MR. LEAHY: Sure. And --

LIEUTENANT GOVERNOR RUTHERFORD: -- but we'll want to hear from Bob, also.

SECRETARY MCDONALD: Bob, go down the middle aisle.

MR. LEAHY: And Mr. Comptroller, in a vacuum, yes, I think this probably could be done in a year. The issue is that what we are suggesting in the sole source contract, which is not an extension of the existing contract. We have incorporated a number of new accounting terms, a number of new reporting terms, to address what we see as the weaknesses and the problematic phases of the prior contract, is that it is going to take at least six months for the vendor working with us to come up with a transition plan in the event that we are not going to move forward with them. I've spoken to Sachin Bhatt, our procurement officer, and although we have spent considerable effort on looking at rebidding this contract. I actually wanted to have it done by now so that we would be moving forward with a new contract at the end of this contract rather than talking

about other methodologies to keep services running. Simply, we haven't had the resources. Between our attempts, as we've said, to address the concerns for the audit, the new EMMA system, which is working grandly, and people leaving our procurement office, we just have not had the resources to complete an RFP. And Mr. Bhatt, as my subject matter expert, has told me that this is an 18-month to two-year process. So I'll leave it to Bob to speak to that. But I'm relying on what folks who know how to do this day in and day out have told me is the likely timeline. And the last thing I want to do is under-assume what's necessary and create a scramble again at some point in the future.

LIEUTENANT GOVERNOR RUTHERFORD: Bob, if you can just talk to generally what it takes to procure and then implement a major system conversion? And you can base it on EMMA, which is probably a little less complicated than I think with the NIC system because of the user interface that takes with NIC. If you can just talk generally about implementing a major system like this.

MR. GLEASON: Certainly. Yes, good morning. For the record, my name is Bob Gleason, Senior Procurement Executive. I hadn't given any thought to this particular set of requirements until two minutes ago. But there's an old expression in procurement that if you want it bad, you'll get it bad. The question is, what is the timeline? What's the scope? What are the set of

requirements? Who are the stakeholders? And it takes time to sort of draw a fence around what the need is and who it impacts, how it impacts them.

So to just put a 12-month calendar timeline on that absent knowing all of the facts that are in play in this procurement, it seems a little arbitrary to me. But once we know what the need is and what the set of requirements and the stakeholders and how to meet their needs, what the market looks like in terms of the suppliers that can provide this type of service, then we can begin to fashion a timeline.

Eighteen to 24 months sounds more reasonable to me in terms of the type of -- I'm presuming this is a software as a service --

MR. LEAHY: Yes.

MR. GLEASON: -- set of applications. So how mature the market is for this in terms of the providers, and whether NICS is the only one or there's other players in this, presuming that there are, I would probably ask for more than 12 months to be able to do that.

COMPTROLLER FRANCHOT: Okay. So here's what --

MR. GLEASON: And we're not even --

COMPTROLLER FRANCHOT: I can hear all this. But I'm going to stay at 12 months. I don't think there's any reason why we can't competitively procure new services or the approval of the incumbent in a year. I think that's perfectly reasonable based on the fact that the, if the incumbent loses and there's a

new vendor that's chosen after a year and there's an implementation phase in rather than a six-month renewal option, I would amend that to make it two six-month renewal options. But I'm going to defer to the Treasurer because she's the expert in all of this and her staff has raised the issue and I appreciate it. But I think the way forward is to, you know, this would be for Item 12, I think the way to move forward is one-year mandate to get us some competition and then two six-month renewal options if there's a new vendor.

LIEUTENANT GOVERNOR RUTHERFORD: Let me --

MR. LEAHY: Mr. Comptroller --

LIEUTENANT GOVERNOR RUTHERFORD: No --

MR. LEAHY: I'm sorry, sir.

LIEUTENANT GOVERNOR RUTHERFORD: -- hold on. I think it would be prudent to -- and I don't have a problem with the one-year term

--

COMPTRROLLER FRANCHOT: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: -- to, you know, to get going with a new procurement. But I would, rather than the two six months, just make it a year. They are already saying 24 months, 18 to 24 months. And with the renewal option that we mandate that they come back in if they need that additional year. Now, understand, most of our contracts are done that are set up are termination by convenience of the State. So even though it's a one-year

option, does not mean that if they get it all done in, you know, one year plus eight months, they can terminate the contract and move forward with the new vendor. I just don't want to give them that. I don't want to be in the situation where we're really holding them hard fast to 18 months and then they have to prepare to come back to talk about this all over again for --

COMPTROLLER FRANCHOT: Okay. I think that --

LIEUTENANT GOVERNOR RUTHERFORD: -- so one --

COMPTROLLER FRANCHOT: -- that's perfectly reasonable.

LIEUTENANT GOVERNOR RUTHERFORD: -- one-year option to get this, you know, implemented.

COMPTROLLER FRANCHOT: Let me reamend this very fluid amendment again.

(Laughter.)

COMPTROLLER FRANCHOT: But I think you, that makes sense. But once again, I'm going to defer to the Treasurer as to what she thinks is

--

MR. GLEASON: If I could add one more thing, Mr. Comptroller is correct in terms of what you mentioned earlier about the implementation. Getting the procurement is one thing. And then transitioning and implementing over beyond --

COMPTROLLER FRANCHOT: Should there be a new vendor.

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MR. GLEASON: -- the procurement is a different matter. So that is more of a project management piece and that needs to be designed as well, in addition to the procurement piece. So --

COMPTROLLER FRANCHOT: So I then will move, and unless the Treasurer --

TREASURER KOPP: Well I --

COMPTROLLER FRANCHOT: -- wants to change it. Does that make sense?

LIEUTENANT GOVERNOR RUTHERFORD: Are we --

MR. LEAHY: May I, may I just --

COMPTROLLER FRANCHOT: Yeah.

MR. LEAHY: -- add one small piece to this that I hope gives the Board some comfort? One of the matters that was discussed over the last several days that I was very much in favor of was that there be regular reports to the Board about our progress on this matter. And that is in three areas. First with regard to the actual RFP or other process going forward to make sure that these services are still provided. And then secondly, as Mr. Gleason just stated, the project implementation aspects and timeline and costs associated with that ahead of time. And I, again, I'm distressed this has become such a huge issue because I share your fundamental belief in the need for transparency and accountability. And want this to work to the benefit of the citizens of Maryland. So I think, you

know, a one-year with a one-year extension is still very aggressive. But if that is what the Board determines is appropriate, we will do our best and report to you along the way if we think that is becoming inappropriate and impossible.

COMPTROLLER FRANCHOT: Well I would make that motion.

MR. LEAHY: Thank you, sir.

TREASURER KOPP: Could we just, I have, I don't want to be a wet blanket. But and I think if you think one year with a one-year option would work, that's good with me. You know better than I what it's going to take. But the question is what it is that is going to happen.

If we defer this contract, 11, 12 seems to incorporate 11. How does that work legally?

MR. LEAHY: Well it only incorporates it to the extent that it defines the work orders that have occurred under 11 to be continuously maintained under 12. It does not specifically incorporate the need to use the methodologies -- I mean, we say the methodologies are the same except for those that we have specifically changed. So we've referenced a change --

TREASURER KOPP: If 11 is voidable -- if it turns out there are problems with 11, which needs to be audited -- I would like to ask our attorneys. I just, I'm not a lawyer. Everybody else here may be lawyers. I just don't understand how we adopt 11 without recognizing the validity of -- you're a lawyer.

MR. BOHANNON: David Bohannon for the record, counsel to the Board. Thank you. The -- Item 11 references the contract that there are concerns about whether it is void or voidable. That contract has an expiration date and will end as of that expiration date. Item 12 proposes a new contract with its own terms and conditions. Item 12 incorporates by reference many of the terms that are in the contract in Item 11. It is a separate contract. It simply uses the document in Item 11 as a shortcut for drafting. Frankly, it probably would have been better to draft it entirely. But the mere fact that it references it and incorporates it by reference is not a problem for the fact that it is a new independent contract.

LIEUTENANT GOVERNOR RUTHERFORD: So it essentially becomes an appendix or an exhibit to a contract.

MR. BOHANNON: Correct.

TREASURER KOPP: And you say that this new contract is \$4.5 million a year. That's based on, a guesstimate based on --

MR. LEAHY: That is based on what the transaction model services utilized over the past period have generated and the expectations based on those particular work orders continuing into the future. It is an estimate and if the citizens of the State suddenly decide to use services dramatically more or dramatically less, it can have an impact on that number. But based on the practices over the period of time that they have been utilizing these transaction fees, that estimate is borne against the course of conduct during that period.

TREASURER KOPP: Well let me say two things about that. First of all, you agree it is a guesstimate because we haven't dealt with 11. So we really don't know what the cost to the taxpayers is. And secondly, I have to take on faith, I guess, our attorney, other attorneys have disagreed with whether you can vote --

SECRETARY MCDONALD: Do you want --

TREASURER KOPP: Chaisson, yeah.

SECRETARY MCDONALD: -- advice from the Attorney General's Office?

TREASURER KOPP: Yeah, I was looking for him and didn't see him.

SECRETARY MCDONALD: Well, Mr. Chaisson is here.

TREASURER KOPP: My attorney. Our attorney. I --

MR. CHAISSON: For the record, David Chaisson, counsel to the Treasurer.

TREASURER KOPP: Yeah, Assistant Attorney General.

MR. CHAISSON: Assistant Attorney General. I would agree with David Bohannon. I think the cleanest thing to do would have been to just craft a new document. They could even use the existing --

TREASURER KOPP: Cut and paste.

MR. CHAISSON: -- as a template. But I would also agree with Gabe Gnall, who we spoke just before the meeting, is troubled by the fact that we have a void or voidable contract that we're incorporating by reference in a new contract.

MR. LEAHY: And my response to that is we are only referencing it as a definitive way to lay out the terms. We have stated with specificity that the terms are the same, except those that we have clearly changed. This is a maintenance contract to operate what has been an ongoing contract that but for the concern about the transaction fees arising has worked well since 2011. Most of the operations are in the Department of MDOT and they have worked well, although you do not have the audit in front of you. I have signed the non-disclosure. And to the extent you are willing to take my testimony that the documentation says there are no issues, that the books proved out, that the transaction fees down to the transaction level proved and they are correct, it's unfortunate that, you know, you don't have that in front of you. But I've seen that. The letter from the auditors specifies that there are no material issues. And I believe that counsel would agree that although there may be difference of opinion about whether it's cleaner to incorporate terms from another document by making it an appendix or rewrite everything, it is still a practice that does occur with regularity. And my concern in doing this because of the shortness of time we had

to craft a solution, because like you I hoped we would have gotten this done long ago.

TREASURER KOPP: You know, I started a year ago, over a year ago.

MR. LEAHY: It did. Because we didn't have it done sooner, we were looking at the cleanest, most straightforward way to make sure that the new contract for maintenance of ongoing, existing operations, except with regard to the transaction fee transactions, which we have laid out new processes and procedures for, continue without difficulty.

MR. CHAISSON: If I could just add, the only contract that I've seen in the backup is a four-page document, which you all were given as well. The contract documents that they reference from 2011, I have not seen an unredacted copy of that contract, nor has it been provided to the Board. I would suggest that we go back to the drawing board and draft a new contract, defer the item for two weeks, and vote on it at that point.

SECRETARY MCDONALD: Three weeks.

MR. CHAISSON: That way we could review the contract, exactly what it says, and deal with any issues at that time.

MR. LEAHY: It's my understanding the documentation has been provided to the Board in the past. I don't know where Andrea is. And the other point here that I want to make sure is not lost is if we do not deal with this today,

we will be in the situation that as of the 10th of August, we will be out of contract with NIC and those services will stop. So the MVA will not --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Yeah. I'm going to --

COMPTROLLER FRANCHOT: Could I just suggest something here?

LIEUTENANT GOVERNOR RUTHERFORD: Right.

COMPTROLLER FRANCHOT: First of all, I'm not going to vote to approve \$11.7 million because there's no certainty that that's the correct figure. So that's why I think we should defer Item 11 until you come back with a figure that you have confidence in, not a guesstimate. And secondly, Item 12, I think I'm just going to hold my thing to one year and I think the Lieutenant Governor made a good point. Instead of two six-month renewals, just have one 12-month renewal option. That gives you time to competitively bid it. And then should there be a new vendor it gives you 12 months to allow the new vendor to develop the platform that is necessary.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. LEAHY: Well it will be hundreds of applications and a significant platform. My concern, to your point, is that I do have confidence because the audit report I have seen says there are no material --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Let's -- we've gone through that. What I would like to do is --

MR. LEAHY: Sir, I just --

LIEUTENANT GOVERNOR RUTHERFORD: No. No.

MR. LEAHY: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: We're going to stop here. What I would like to do is take a vote on the Comptroller's first motion to defer 11 and I will second his motion. And --

TREASURER KOPP: Could I just clarify, defer 11 for what purpose?

LIEUTENANT GOVERNOR RUTHERFORD: Well, when they can come back -- and one of the questions I would have is whether the accounting firm can redact that material that is proprietary so that we don't have to have the non-disclosure portion. I mean, I don't, I'm not an accountant. I don't know all the provisions. I'm not sure what they were looking at. And, you know, I guessed the question may be their pricing but typically pricing is in a contract. When we approve a contract, that becomes known. So I'm not sure what can be done. So, you know, possibly they can redact whatever is particularly sensitive or confidential.

MR. LEAHY: I think, sir, the confidential matters are their methodology that they are utilizing to prove that the --

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LIEUTENANT GOVERNOR RUTHERFORD: Whose methodology? The accounting firm?

MR. LEAHY: The accounting firm, yes. But we'll certainly pursue that.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Well, okay. Well --

TREASURER KOPP: Governor, I'd like to say, I would agree with that motion on 11, if the understanding is in fact it's being deferred so that you will come back with an appropriately audited statement. The sort of thing that we've been talking about for a year. And if you could get with the staff of BPW, you've met with them before, you know what they are looking for, a transaction based fee audit, that's fine. If we're just deferring it because we're going to punt on it forever, I don't think that's appropriate.

MR. LEAHY: Well, Madam Treasurer, I think the difficulty we have, and again I am not an auditor, but what I have been told is that a request --

TREASURER KOPP: None of us are auditors.

MR. LEAHY: -- for a transaction level audit on every single transaction, be it under the transaction fee model or the service fee model or the convenience fee model, is impossible based on the records that exist. And I've been saying that for a year. And so my attempts here have always been to address the specific concerns that have been raised with regard to the transaction fee. If

what the Board is asking for is an audit of all 600 million to 800 million transactions that have occurred under this contract, I have been told that is physically impossible.

LIEUTENANT GOVERNOR RUTHERFORD: Well the thing is, let's have the accounting firm tell us that in writing.

MR. LEAHY: Well they told me that but I'll --

LIEUTENANT GOVERNOR RUTHERFORD: Well, they told you that. But to tell the Board in writing as well as investigate whether any of their, you know, their methodology can be redacted in a way that the Board has confidence in their findings. So let's, that's, so we have a motion on the table to defer this to wait for additional information from the accounting firm, the auditing firm. So do we have a vote?

COMPTROLLER FRANCHOT: Yes. I vote yes.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, yes, and yes? Okay. Three to one.

SECRETARY MCDONALD: Three-zero --

LIEUTENANT GOVERNOR RUTHERFORD: The second --

TREASURER KOPP: But I hope --

LIEUTENANT GOVERNOR RUTHERFORD: -- okay.

TREASURER KOPP: -- just as you are going to brief us repeatedly on everything, there will be an update on this issue.

MR. LEAHY: Sure.

TREASURER KOPP: Because otherwise it's going to never be --

MR. LEAHY: Absolutely.

SECRETARY MCDONALD: Madam Treasurer, let me say it's outstanding now. It's deferred. The Board has not ratified, the Board has done nothing, and in this item they make a statement, DoIT, that this contract is void. And they need the Board to make it voidable. What I'm saying, it's incumbent on them, absolutely. They should not, cannot be making this item just not come back to you for years. Because the legislative auditor, the Board of Public Works, everybody will get on them. Basically, this item is saying it's void. They have \$11.9 million of State money --

TREASURER KOPP: Right.

SECRETARY MCDONALD: -- and you still need an accounting of it.

TREASURER KOPP: Right.

SECRETARY MCDONALD: So I can imagine that your deferral is not sending a message that you're not going to see this again sometime.

MR. LEAHY: No.

SECRETARY MCDONALD: It's a deferral for them to come and make this --

MR. LEAHY: And that certainly wouldn't be our intent, Madam Treasurer.

TREASURER KOPP: Right. And thank you for saying that on the record.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Okay. And then the second motion on 12 is an amendment to one year and one option year. And I will second that motion. And do we have a vote?

COMPTROLLER FRANCHOT: Vote aye.

LIEUTENANT GOVERNOR RUTHERFORD: One, aye.

TREASURER KOPP: Governor, I am very reluctant to do that without the terms of the contract, just through reference to a voided contract. So I am going to vote no. But I do look forward to seeing the work go on. The people of this State should not suffer because of these problems we've had. And I think and I hope that the new RFP can be successful. And I look forward to hearing about it.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Okay. Any other discussions on -- I forgot who we were with, Department of Information Technology.

TREASURER KOPP: I have to say, this discussion has put some color in your cheeks, Mr. Secretary.

(Laughter.)

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LIEUTENANT GOVERNOR RUTHERFORD: Yes, you were looking very pale. But we both noticed that. So we have, well, we have actually we need to vote for the other items.

MR. LEAHY: Right.

LIEUTENANT GOVERNOR RUTHERFORD: So do we have a motion to approve the remaining items on the DoIT? Okay. And second on that? And so I think we're all in favor of the remainder of the DoIT items.

SECRETARY MCDONALD: Thank you.

COMPTROLLER FRANCHOT: I just, if I could just recognize Margaret Phipps, who is one of the most popular and durable elected officials in the State of Maryland from Calvert County. Margaret, welcome.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, good to see you.

COMPTROLLER FRANCHOT: Yep.

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: Okay.
Department of Natural Resources.

MS. HADDAWAY-RICCIO: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, Jeannie Haddaway-Riccio, Secretary of the Department of Natural Resources. We have 25 items on our Real Property

Agenda today for which we are seeking approval and I'm happy to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question on 10.

TREASURER KOPP: I just wanted to mention, I don't know which item it is, sorry. Yes, it's Item 8A-2. Do you know Item 8A-2, Madam Secretary?

MS. HADDAWAY-RICCIO: Yes.

TREASURER KOPP: It's the Edith Throckmorton Park. And I just would like to state for the record, completely different topic, Edith Throckmorton, Edith Throckmorton was a woman whom I met when I first came to Montgomery County, a fascinating and wonderful woman. And I think it's just terrific to have this item.

LIEUTENANT GOVERNOR RUTHERFORD: Neighborhood park.

TREASURER KOPP: Let me just take two minutes to make -- do you remember Edith? All right. Edith Throckmorton was an African American brilliant teacher and principal in the Montgomery County Public Schools. She was principal of Longwood when it was a segregated school. She was a teacher and as I recall, and this is all based on memory, a teacher and principal for a few decades. And one of the very best in Montgomery County. And when the

schools were integrated after *Brown v. Board*, the way in which our county integrated our schools was to close down the traditionally black schools, move the students and integrate the traditionally white schools, and to move the teachers and the principals. And lo and behold, all of the principals, I believe all of them, were asked to become teachers under the white principals in the formerly white schools, now integrated schools.

Some of these principals were like Edith Throckmorton. She had been outstanding. Everyone agreed she was outstanding. And she was moved to serve under a younger white principal and she refused. And despite her love of the schoolchildren and of our school system, Principal Edith Throckmorton resigned from the Montgomery County School System as a matter of principle.

She then went back to the county and was the driving force for creating our Commission on Human Relations and served on that commission, and then went in and essentially took over Montgomery County NAACP, which is where I first met her when she became a strong leader for a couple of decades after that. She was a woman who acted always on principle, but didn't just walk away either. She came back in another way and moved her county and moved her school system, and generations of students still talked about her. And to raise her name in a great project, I think this is just something that all the citizens should know about, which is why I have entered this into our public record. A tribute to a great lady.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you very much. That's --

MS. HADDAWAY-RICCIO: Thank you, Madam Treasurer.

LIEUTENANT GOVERNOR RUTHERFORD: -- very enlightening --

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: -- and that instance, the, in the years after *Brown v. Board of Education*, that story is not uncommon. Most of the schools that had been segregated were shut down in areas. I know in Howard County, the same thing occurred and the principals were demoted. Many of the principals were holders of PhDs and they just, it's a part of our history.

TREASURER KOPP: She was a woman of several college degrees.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: I mean, just outstanding.

LIEUTENANT GOVERNOR RUTHERFORD: Right. Very good. I have a question on Item 10A. And it's a purchase of property in Queen Anne's County. And looking at the appraisals, there's a substantial difference between the appraised values of the property, one is \$763,000 and the other is \$397. And I just wonder about the significant difference in those prices.

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MS. HADDAWAY-RICCIO: Yes, sir. So I'm by no means an expert on real estate appraisals. But what I do understand and what we have noticed over time is that with various properties, particularly when we are talking about easements versus acquisitions, it can be really difficult to appraise them. And the areas that we usually have the most discrepancies are our first find and comps that are comparable, and then two the highest and best use of the property depending on the appraiser that is conducting the appraisal. So in this case, the two independent appraisers that were procured for this had very different ideas about what highest and best use might be for this property. And when our team reviewed the two independent appraisals, they agreed with the higher end. And they agreed with his assessment of what could potentially be highest and best use. And in this case, unfortunately, that meant five developable lots. So our acquisition price is under the recommended appraisal --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. HADDAWAY-RICCIO: -- which is a good news story. And also having this easement will prevent this from going to development.

LIEUTENANT GOVERNOR RUTHERFORD: So the belief is that this, for the lowest appraisal he did not include the development potential for that property? It was zoned that it could be developed?

MS. HADDAWAY-RICCIO: Yes, sir. I think the difference was that the appraiser who had the lowest appraisal was looking at access and

roadway frontage and thinking that there was less of a chance that these lots might become developable. And the appraiser that came out at the higher end was looking at the county overall and development pressure overall in that region.

I would also just point out that this is in a targeted ecological area for this. It scored very high on our Program Open Space Scorecard. It was a 90 out of 100. And you know, this is really significant when it comes to protecting water quality for the Corsica River Watershed.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I mean, there's something very similar in the next item that's in Somerset County, where there's a substantial difference between the appraisals. It's the same appraiser.

MS. HADDAWAY-RICCIO: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: And is it the same argument here?

MS. HADDAWAY-RICCIO: Yes, sir. It is.

LIEUTENANT GOVERNOR RUTHERFORD: Development potential versus non-development potential?

MS. HADDAWAY-RICCIO: Yes. So the lower appraised value in this instance was based on small unimproved lots. That's what was used for the comps. And the higher end appraiser, again looking at highest and best use, was reviewing improved lots that were recently sold. And again, in this case we did acquire the property under the higher assessed value.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now I know I have a particular bias and that is, amongst others, that at one time, and the reason for, you know, procurement rules, is to separate the individual that loves the item from the person who will make a more cold dispassionate decision. And in the olden days, this separation, this type of purchase, was actually done by the Department of General Services. And I admit a bias there. But I do go back to that dispassionate viewpoint.

You know, your business is to protect property and so the bias of DNR is to love every property and to say we will pay what they ask for, or \$3,000 less in one case. And so I just point that out because then, you know, when I see this kind of divergence, you know, it's basically you had one appraiser who is appraising based on apples and the other is appraising based on oranges. So it then goes back to a DNR person who says maybe it's all, you know, dispassionate in saying that this is the right value. Or the possibility is there is that this is a very important piece of property, let's pay for the asking price. So I just, I say that as an editorial comment with full disclosure that as a former General Services Secretary, I do see the value of the arms-length transaction, that someone who is not invested in a property can say this is something that we can drive a harder bargain on. But I think the bigger, the immediate would be to talk to the appraisers to make sure that they are appraising based on a same set of criteria. That may not be as reasonable if the one person just, you know, adamantly

believes it can't be developed and the other is looking more globally, like in the case of Queen Anne's County. But in the case of Somerset, you know, they are looking at different comparables. So I'm not sure how that is addressed. But I'm not going to, you know, object. I just wanted to put in that editorial comment.

TREASURER KOPP: Could I just ask how much does it cost to have an appraisal?

MS. HADDAWAY-RICCIO: That's a good question. Heidi, do you have -- I'd like to ask Heidi, our Director of Land Acquisition, to come up.

MS. DUDDERAR: Heidi Dudderar, Department of Natural Resources. It depends. It varies on the size of the property and the complexity. It can be anywhere from a couple thousand dollars up to \$15,000 or \$20,000.

TREASURER KOPP: Well, say something like Item 11.

MS. DUDDERAR: Item 11?

TREASURER KOPP: I mean, a small, relatively small.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, that was just like one acre, I think, two acres.

MS. HADDAWAY-RICCIO: That's the Chesapeake Forest Lands tract.

TREASURER KOPP: My question really is does it ever become prudent to have a third appraisal?

MS. DUDDERAR: We do often. In Item 10, we did have a third appraisal that was not accepted by our chief review appraiser based on methodology. There was not sufficient --

TREASURER KOPP: Or a third, a third acceptable appraisal.

MS. DUDDERAR: Yes. So we, so for those first two appraisals, he found the methodology to be acceptable on both of them. It's just that, as the Secretary said, one appraiser, they actually did I think find the same highest and best use. One appraiser just found that there would be five developable lots and the other appraiser said because of the lack of the road frontage, the reality -- and there's the theory of development, which is five developable lots. The reality is that because of the lack of that access they probably would not ever be developed or developable. And that's just the difference between the point where a county zones and the point when development actually occurs.

LIEUTENANT GOVERNOR RUTHERFORD: It goes back to my editorial comments.

TREASURER KOPP: Yeah. Yeah.

MS. HADDAWAY-RICCIO: So that said, I think that's an excellent suggestion, Governor, to maybe speak with the Real Estate Appraisers Association and see if we can find a way to improve these processes. As I said, it does become very difficult, particularly with these easements and acquisitions of very unique properties. It's not always as straightforward as a commercial

building or a simple residential real estate transaction. So I appreciate that recommendation and will definitely look into that.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Okay. Something we can look at in terms of also the structure of government, as well.

TREASURER KOPP: I had another question about some of these, and also the forestry, Forest Service projects. Is there a time when you factor in -- forgive me --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. TREASURER KOPP: -- the impact of climate change and greenhouse gas mitigation when we're looking at not only procuring but using the forest lands?

MS. HADDAWAY-RICCIO: Yes, we do. Through the CoastSmart Program we do an evaluation based on the mapping that I know you are familiar with, thanks to your service on the Climate Change Commission. We do include that in our evaluations and we are measuring the potential for mitigation working with the Department of the Environment for greenhouse gas reduction, the Greenhouse Gas Reduction Act plan.

TREASURER KOPP: In the lands that we either procure or own already?

MS. HADDAWAY-RICCIO: In the lands we procure as well as the lands that we manage. Because you can actually manage forests to better mitigate and sequester greenhouse gases. So our team is very conscious of that and we've really integrated that policy into our operations.

TREASURER KOPP: Good. Thank you.

MS. HADDAWAY-RICCIO: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any additional questions on Department of Natural Resources?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

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

MR. NICOLE: Good morning, Governor, Mr. Comptroller, Madam Treasurer. For the record, Marc Nicole, Deputy Secretary of the Department of Budget and Management. The department has submitted ten items for your consideration today. We are withdrawing Item 1-S leaving nine items for approval. We have representatives here to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 3-S, please.

MR. NICOLE: Dana Dembrow.

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COMPTROLLER FRANCHOT: Excellent.

MR. NICOLE: Dennis Schrader.

COMPTROLLER FRANCHOT: Good.

MR. SCHRADER: For the record, Dennis Schrader, Chief Operating Officer and Medicaid Director for the Health Department and I'm joined by Dana Dembrow and Rebecca Frechard, our Deputy Director for Behavioral Health.

COMPTROLLER FRANCHOT: Thank you for being here. This is a five-year, four-month contract with one two-year renewal option for administrative support, organization services, to support the work of the public behavioral health system. It's a \$198 million contract. It appears that the incumbent submitted a financial proposal that was 20 percent higher, or \$72.1 million more than the recommended awardee, United Behavioral Health.

Obviously, I love bid competition. This is fabulous that you have it in front of us. I applaud the progress that we've made in what I used to call the incumbent protection program of just contracts going back to the original incumbent vendors without any other bids. So thank you for getting two bids.

However, I always do when I see these contracts where there's a lucrative contract for years and years, and it's substantially less than the incumbent, I think it's appropriate to raise a red flag. Because we've had problems in the past. And I don't have to regale the Board about Crystal

Enterprises, the debacle that took place in a previous administration. But the principle remains that same, that the incumbent in theory should have some rough idea of how much the services would and should cost.

So I understand United Behavioral Health is the largest private behavioral health insurance provider. I'm not, however, seeing a lot of places where they provide this type of administrative service, organization services on behalf of governments. I note that they currently do this for San Diego, California. I think they used to do it for New York City. But are you confident that United will be able to do the job satisfactorily with the financial proposal price it submitted?

MR. SCHRADER: Mr. Comptroller, Governor, Treasurer, I asked the same question. And so we did a lot of due diligence on this. Just a couple of thoughts -- and by the way, we like the current contractor. So you know, it's not that we're unhappy with them. But there is a process and we're dispassionate about the process. We let the facts speak for themselves.

So one of the basic things that we looked at is what is the current baseline contract that we're paying for? And then we've also added additional services to the contract, additional scope. The current contract was three years with two one-year options with a spend rate of about \$20 million a year, rough and ready. The total expenditure over about five years was about \$93 million. So we knew that was the floor that we were basing against.

We did an estimate beforehand to determine what we thought the prices would be and we came up with about \$27 million to \$30 million a year based on the scope that we had added to the base contract. The Optum bid, which is a subsidiary of UnitedHealthcare, came in at about \$27 million per year and Beacon came in at \$37 million a year.

We are a little mystified by why that is but we are very confident. And I would add that the successful bidder was the number one technical bid. So when we went through the technical parts of the bid process, Optum was also number one. So we've got a really good price for the number one technical proposal and we feel that this is going to get the job done. And there is money in there, an additional \$7 million per year, for the additional scope that we've added to the project.

COMPTRROLLER FRANCHOT: Okay. Let me just get to the heart of what I'm concerned about.

MR. SCHRADER: Yes.

COMPTRROLLER FRANCHOT: There was a recent lawsuit against United Behavioral Health, that's from the company's practices in its core insurance business.

MR. SCHRADER: Mm-hmm.

COMPTRROLLER FRANCHOT: So this is earlier this year, a March article in the *New York Times*, "in a scathing decision released Tuesday, a

federal judge in Northern California ruled that a unit of United Health Group, the giant health insurer, had created internal policies aimed at effectively discriminating against patients with mental health and substance abuse disorders in order to save money.” I’m going to spare you all the particulars of that decision but I can assure you they are just as bad as you can imagine from that language from a Federal District Court Judge. So I do have a confidence problem that this company can perform these services for 20 percent less than what the incumbent would charge. But can it also give you assurances that this more than \$70 million in savings will not be achieved through inappropriate restrictions on access to care?

MR. SCHRADER: If I could address that?

COMPTROLLER FRANCHOT: Yes.

MR. SCHRADER: That’s a great question. And it goes to the heart of the system of care that we have in this State. Twenty-five of the 50 states have carved in behavioral health. And that’s where, in this case the situation you’re citing is where managed care organizations are carved in with the behavioral health. And you’ll hear from the behavioral health community in this State. They have a lot of concern about that. As a matter of fact, we’ve organized a very intense process that’s going to go over the next two years to look carefully at this. Because the managed care organizations in this State have been pushing

for that model. And we also, of our nine managed care organizations, United happens to be one of them.

Setting that aside, the model we currently have as the administrative services organization is they organize the providers and they pay the claims. They have no incentive, financial incentive. They are providing strictly a service to us. They are unable to deny service in the way that a managed care organization, and that is a common issue around the country with managed care organizations. So, yes sir. We are confident that ASO --

COMPTROLLER FRANCHOT: So what exactly is administrative service organization services? What exactly are they --

MR. SCHRADER: So we have about 260,000 people who receive specialty behavioral health in this State. So that they, and they are all obviously Medicaid. Some are State only funded, but Medicaid pays for the lion's share and it's about total \$1.4 billion, \$1.2 billion Medicaid, \$200 million in non-Medicaid. What the administrative service organization does is they have an automated process of all the providers in the State. The providers submit their claims. They do the due diligence on the claims to make sure they are appropriate and then they send them to our Medicaid management information system, which we then pay the claim. They also help us with assessments of quality and we're going to be adding more of that type of thing to this new contract. So they are not incentivized in any way in this to financially make money by restricting access.

COMPTROLLER FRANCHOT: Okay. That's excellent. I have a lot of confidence in you, and obviously former Delegate Dembrow. I have a lot of confidence in him. But would you make sure that someone reads that Federal District Court Judge?

MR. SCHRADER: We will.

COMPTROLLER FRANCHOT: And just keeps an eye on --

MR. SCHRADER: Yes, sir. And it's a very legitimate concern. We had the same questions. So we appreciate --

COMPTROLLER FRANCHOT: Thank you very much.

MR. SCHRADER: -- the opportunity to answer. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on Budget and Management Agenda?

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Second? All in favor?

TREASURER KOPP: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. The University System of Maryland. My friends from Canada call it Maryland.

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

LIEUTENANT GOVERNOR RUTHERFORD: More of a comment on 7-C-OPT. One -- I've got two comments. One is thank you for putting it in the Small Business Reserve Program. It's an on-call contract for minor general contracting services. But the second is similar to what I was saying to Transportation a little earlier, that, you know, that getting the projects or limiting the project size to \$200,000 on these contracts I think is very small and I think that the small businesses, businesses that are in the Small Business Reserve, particularly the construction and contracting companies, they can and have done work higher than that. So I would encourage you to encourage your contracting officers to look at providing small business reserve projects and contracts that have a higher threshold so that these companies can go further than the \$200,000, so they can just take a look that.

MR. EVANS: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on the University System?

TREASURER KOPP: Just a request, not a comment, that in the Salisbury project, which looks extremely interesting, could you get back to us? Because I am told it's a little early to ask this question about the energy savings

and how you are going to go about specifically. And this goes for all of the projects, actually, but you often do give us information, which I appreciate. This one had none.

MR. EVANS: Madam Treasurer, that information was passed to the procurement officers from the last Board meeting. So --

TREASURER KOPP: Okay. Great.

MR. EVANS: -- it's been made clear --

TREASURER KOPP: Keep pushing. Thanks, Joe.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Second.

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

MR. EVANS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Now who do we have left? Oh, General Services, I think. Right?

TREASURER KOPP: How quickly --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, since we skipped over -- okay.

MR. REICHART: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Nelson Reichart, Deputy Secretary of the Department of General Services. The department has 41 items on our Agenda. We are withdrawing Item 32-GL. We'll be glad to answer any questions that you have.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question on 2-C-MOD. This is the District Court building and it relates to the change order that was put in place with regard to the stud gauges. Shouldn't this have been discovered in the design?

MR. REICHART: It was a double, kind of a double entry in the design. It was picked up in one and not changed in a later one. So we are going back and seeking correction on it.

LIEUTENANT GOVERNOR RUTHERFORD: When you say seeking correction, to see if there's some way --

MR. REICHART: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- of offsetting these costs?

MR. REICHART: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That is -- okay. That just we get concerned when we see change orders coming in. So that was the --

MR. REICHART: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. How far along are they in the Catonsville? I see it's been closed up. The building is closed in, enclosed.

MR. REICHART: Closed in. I think we're looking probably

December --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Any other questions?

COMPTROLLER FRANCHOT: Yes, is this DGS?

LIEUTENANT GOVERNOR RUTHERFORD: Yes, it is.

COMPTROLLER FRANCHOT: Yes, I have an Item 4-M-OPT. So Lieutenant Governor Rutherford and Madam Treasurer, this is a request from the Department of DGS to exercise the second and last two-year renewal option on a contract with Mansfield Oil Company for supply and distribution of fuel products. I believe this is a company down in Georgia. When this contract was first --

SECRETARY MCDONALD: Which item is that?

COMPTROLLER FRANCHOT: When this contract was first --

LIEUTENANT GOVERNOR RUTHERFORD: I think it's nine. I think it's nine.

COMPTROLLER FRANCHOT: Nine, this is nine, not four.

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SECRETARY MCDONALD: It's Item 9. It was Item 4 last time.

COMPTRROLLER FRANCHOT: There we go. Okay.

SECRETARY MCDONALD: This is, yes, there was a --

COMPTRROLLER FRANCHOT: It's the item with two names --

SECRETARY MCDONALD: It is. It is 9-M-OPT. The last Agenda was withdrawn as 4-M. So it is the same item.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTRROLLER FRANCHOT: Okay. But when this same fuel contract was brought before the Board for approval in 2012, I voted against the contract because I couldn't believe that not a single Maryland fuel supplier could legitimately compete for this award. I voted to renew the contract in 2017 with assurances from the department that, "the department intended to use the two-year renewal option period to assess whether the delivery and equipment maintenance components of the contract could be regionalized, which might draw interest from local Maryland businesses." It's my understanding, Mr. Deputy Secretary, that DGS in fact did not perform this review as it indicated two years ago. I'm wondering why that is. Could you give us an explanation on why the department failed to conduct the promised review?

MR. REICHART: A couple of reasons for that, Mr. Comptroller. One is we've had a pretty substantial changeover in our procurement unit with personnel and it was sort of lost in the transitions. We did put out an RFP

recently for a consultant to assist us in this and the results of that RFP came back with not good proposals. We are prepared now to go put it back out on the street to hire a consultant to assist us in analyzing all aspects of this fuel management systems and delivery. We expect to put that out on the street -- we actually had it ready and held off until EMMA came on board so it wouldn't get lost in that transition. We're going to expect to put it out probably in about a week, to put out a new RFP for a consultant to assist us in evaluating and specifically because of the questions you've asked to go back and specifically study the Maryland market and see if there are operators that could compete on this contract. Whether they will or not, we can't say. But we're going to see if they are out there. I believe we have at least found one that has potentially indicated an interest in it that's local. So we're going to balance it --

LIEUTENANT GOVERNOR RUTHERFORD: Carroll Fuel? Is that Carroll?

MR. REICHART: Yes.

COMPROLLER FRANCHOT: Well, sure. And if you regionalize it you can probably get more. We're talking diesel fuel and gasoline.

MR. REICHART: We're talking bulk and -- right.

COMPROLLER FRANCHOT: Yeah.

MR. REICHART: Diesel fuel and others.

COMPTROLLER FRANCHOT: So this is not something that is foreign to Maryland based businesses. It's just that for whatever reason they can't, you know, get in here and compete for this. So thank you for saying that. It's what we heard two years ago. That's okay. I understand your discussion. But this is a single bid contract that I with great pleasure will vote against. Not because I'm a purist. I just think that we need to hold departments, Nelson, like yours accountable for the commitments they make. And saying that, you know, you had some procurement problems, why don't you borrow Dembrow over there? He'll fix things over there. Yeah. And so I don't, I don't mean to make light of it. I know how difficult these reviews are and it's sometimes very hard. But this strikes me as something where the department dropped the ball and I'm going to vote negative on the item. And look forward to, I guess, the real review.

MR. REICHART: We intend to come back with a review and look at the idea of getting more businesses, more Maryland businesses involved. Although they have been heavily involved in this contract through delivery and maintenance and so forth. The new contract will not have as many components to it because it's strictly fuel. The last one had a lot of infrastructure work done. But we look at that and also look at the economies to the State of Maryland, to the taxpayers, in terms of the cost, as well as local businesses.

COMPTROLLER FRANCHOT: Great. So if I could ask the Lieutenant Governor for this item to be voted separately, I'd appreciate it.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That's fine.

TREASURER KOPP: What happens if the item is voted down?

LIEUTENANT GOVERNOR RUTHERFORD: The contract expires.

MR. REICHART: If the contract expires, we will run out of gas. For State vehicles, State trucks.

LIEUTENANT GOVERNOR RUTHERFORD: Let me ask this question in terms of a, let me ask this question in terms of the idea of the consultant. So the consultant is doing more than doing a market survey, correct?

MR. REICHART: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now I think what the Comptroller is saying that two years ago the agreement was to do basically a market survey?

MR. REICHART: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: And you said DGS didn't have the capacity to do that. This is, you know, my ongoing, you know, pet peeve is, why didn't you ask the Budget and Management group? Because they have management in their name. I'm quite sure they have analysts that they could assign or somebody in another department to assign to do market research. They don't have to be a fuel expert to find out whether in the west

there's a distributor, whether in the central part there's one or two distributors, on the Upper Shore, Lower Shore, Northeast. You know, we can reach out to, you know, some of our sister agencies that are working but they can assign a person or two to do this.

Now the new, what you were just saying it's going to be more than market research project. But if it was just market research, I think a non-expert but somebody who is thorough could do the work.

MR. REICHART: It is market research specific to the petroleum industry, not just people that have gas stations or small businesses.

LIEUTENANT GOVERNOR RUTHERFORD: No, I understand that. But --

MR. REICHART: What we really need to delve into, the petroleum industry's activities and not only, you know, gas prices, how they fluctuate, how to maximize the daily fluctuations of gasoline on the global market and drill down to what we buy and how we can structure our contract to track the maximum advantage of those fluctuations in the market and how to buy, and how to structure our operations to take all those things into consideration.

LIEUTENANT GOVERNOR RUTHERFORD: I understand. And I probably discount the value of consultants often. But it just seems to me that a, you know, a couple of graduate students could do that, quite frankly, particularly

if it's a two-year project or in two years. So but in any event, well I'm not going to debate that any further.

COMPTROLLER FRANCHOT: If I could just echo, you have that pet peeve, which is totally legitimate. I have one, too. About the fact that here we are on July 24th. The Treasurer asked I think a cogent question, which is what happens if we vote this down? Guess what? The contract that we're voting on today expires in a week. How can that be proper management practice if we're told that we have to exercise this option or we're going to run out of gas in a week? So there's my pet peeve --

LIEUTENANT GOVERNOR RUTHERFORD: That's one of mine, too.

COMPTROLLER FRANCHOT: -- yeah.

TREASURER KOPP: I have another one, actually, in addition to those. There are approximately 120 fueling facilities throughout the State. We dispense about 11.8 million gallons per year. We are never going to make our greenhouse gas goals if we keep doing this instead of moving the way MDOT says we're supposed to move, towards an electric vehicle infrastructure. And every time I raise this issue, somebody, some other department is the one that has to deal with it.

You have two electric charging facilities, as I understand, one in Annapolis, one in Baltimore, 120 gas. I'd like to see the plan for moving that to -- I'll vote for this because the Comptroller has got dibs on voting against it.

(Laughter.)

TREASURER KOPP: But I don't want you to think that we're supportive of what you're doing. Because really, I'm not. I think you all have to get together and move before it's too late.

LIEUTENANT GOVERNOR RUTHERFORD: Well, I have a question, though, on the, you know, electric vehicle infrastructure and this goes to, I don't think it's as much of a policy debate as it is just an economic debate. The State's, you know, fueling facilities are based on what the State fleet is. The cost of electric vehicles right now is extremely expensive unless you get the tax credit.

TREASURER KOPP: Not --

LIEUTENANT GOVERNOR RUTHERFORD: Unless you get the tax credit.

TREASURER KOPP: Actually I don't believe --

LIEUTENANT GOVERNOR RUTHERFORD: And the State --

TREASURER KOPP: -- over the life cycle that's true, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: But maybe, the life cycle, we really don't know on the life cycle side.

TREASURER KOPP: Well I'm sorry the Secretary is not here. Because actually I am echoing what the Secretary of Budget said only two weeks ago, going with a little --

LIEUTENANT GOVERNOR RUTHERFORD: Well, I don't know what his life cycle discussion was. But I think we really don't know because they are relatively new in terms of the technology. But I'm just saying from a standpoint of the cost is still at that point where it is, you know, it's a little high for what we are doing in terms of the budget. I mean, there can be some places where they may be able to. But right now for, you know, law enforcement, for State Highway, those are primarily the vehicles that are used. Now there are some other, you know, State vehicles that, you know, Department of Natural Resources and some others have, and maybe for some of the what you would call personal sedans. Maybe there are possibilities there. But we have to really look at that cost associated with it as well.

TREASURER KOPP: Governor, all I can say is I don't remember whether it was the last meeting or the meeting before when we approved the traditional list of vehicles that DBM was suggesting.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: The new head of that branch, who is a former trooper, pointed out that in fact there is a great opportunity for using those

electric or hybrid and saving money as well as saving energy and reducing pollution in in fact the public safety fleet. There are --

LIEUTENANT GOVERNOR RUTHERFORD: Well I mean, I --

TREASURER KOPP: -- this is being done and we have money that we got from the Volkswagen settlement. It's not just taxpayers' money.

LIEUTENANT GOVERNOR RUTHERFORD: Well if that's the one -- and that's a good point.

TREASURER KOPP: And what I'm saying is it needs coordination and somebody has got to decide whether we really mean it when we say we're going to reach these goals.

LIEUTENANT GOVERNOR RUTHERFORD: Well I would be in favor of utilizing the Volkswagen money for that. I'm not sure how that's supposed to be distributed. We'll have to talk to the Department of the Environment on that.

TREASURER KOPP: I think there is a plan in the Department of the Environment. The question is, the Department of General Services, Department of Budget, Department of Transportation, Department of Environment.

LIEUTENANT GOVERNOR RUTHERFORD: Right. Right.

TREASURER KOPP: I don't want to leave out the Department of Natural Resources. But all of, I mean, this is, and everybody wants to do the good thing.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: But we have to get everybody together and do it. And meanwhile, these individual items pop up that ice us in, freeze us in to the way it used to be. And I just --

LIEUTENANT GOVERNOR RUTHERFORD: Well I --

TREASURER KOPP: -- as I say, the Comptroller got dibs. But --

LIEUTENANT GOVERNOR RUTHERFORD: But, yeah, we're not, you know, we're not frozen in. This is a two-year extension of what we're currently doing essentially. But I'd be willing to have that conversation with the Department of the Environment to better understand how the Volkswagen settlement funds can be used, what was agreed to --

TREASURER KOPP: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- and how they can be used so that you can use a portion of that to purchase either electric or hybrid or a combination of the two.

TREASURER KOPP: I think it's being used for infrastructure.

LIEUTENANT GOVERNOR RUTHERFORD: Hybrids I don't think are -- yeah. And that's where I would want to pull some of it away to see if

you can use the vehicles. So you can get the infrastructure but if we don't have the vehicles, that's different. The hybrids are not a --

TREASURER KOPP: Yeah, but then they keep saying you can get the vehicles but if you don't have the infrastructure you can't use them.

LIEUTENANT GOVERNOR RUTHERFORD: But you can do a combination of both. You're not going to be able to roll them all out at the same time, but you can add more of the facilities at the same time you have vehicles that can go to the facilities. Okay.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: So on this item --

COMPTROLLER FRANCHOT: I'm happy to add few electric charging stations if I get a second vote.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Oh, you have the budget for that, right?

COMPTROLLER FRANCHOT: No -- Madam Treasurer, thank you for raising those issues. But I continue my concern here.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: And --

LIEUTENANT GOVERNOR RUTHERFORD: Well we'll have a separate vote on, I think there was a motion to vote separately on 9-M. I can

second that motion. So in terms of the vote, I think the Treasurer has already stated she is voting aye. I'm voting aye.

COMPTROLLER FRANCHOT: Nay.

LIEUTENANT GOVERNOR RUTHERFORD: And the Comptroller is voting nay on that. Any questions on the remainder of General Services?

COMPTROLLER FRANCHOT: I just want to note for the record that Item 18 is a lease renewal for my satellite office in Elkton. This is one of the Comptroller agency's 12 regional branch offices across the State. They are among the agency's unsung heroes for their unwavering commitment to deliver respectful, responsive, and results oriented customer service. I want to salute the Elkton branch office manager Ronnie Johnson and his great team, as well as Gary White and Dennis Gwinn, who serve as Director and Deputy Director, respectively, of my office's Taxpayer Services Division. Obviously, I'm very proud and grateful for their great work, Lieutenant Governor, and I appreciate your support and the Treasurer on this particular item.

LIEUTENANT GOVERNOR RUTHERFORD: We were deferring that item -- no.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Okay. No other questions on General Services? Do we have a motion to approve the remainder of

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COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I will --

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That was seconded. We're all in favor.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you very much.

(Whereupon, at 12:25 p.m., the meeting was concluded.)