

APRIL 2019 PHONE CALL BETWEEN LADWP COMMISSIONERS MEL LEVINE and CYNTHIA MCCLAIN-HILL AND ARDENT EXECUTIVES RYAN CLARKE AND JEREMY DODSON.

There is about 10 minutes of small talk between the group before MCCLAIN-HILL joins the call.

Cynthia McClain-Hill: I am so, so, so sorry. Especially for you, Ryan, because you're, it's, you know, past five o'clock. It's drinking time where you are.

Mel Levine: Ryan has been drinking, waiting for us to get on the call.

Cynthia McClain-Hill: Well, so I just, I appreciate everybody taking the time to do this call...Ryan, uhm, Jeremy, I, spent some time, as you know, earlier this week with Mel and with department staff, talking to them or advising them of some of the concerns that your company has relative to the place that we find ourselves and, um, and the path that we're pursuing in order to be in a position to continue contracting for the services that you provide.

And we set about looking at our process to determine where we might be able to influence it in order to address, at a minimum, some of the timing issues that you raised.

I also indicated to them candidly, that you guys were going to, you know, put some quality time into thinking about the degree in which you want to do this at all, given all of the complexity and the, the sort of blind alleys or corners that you've encountered as this process began to evolve, while we got -- even less than a month ago.

So, I was pleased to, to get your text and to hear that, you know, that, that you may have, have come up with some, some additional resiliency or capacity on your end and I think Mel and I wanted to talk to you about, what we believe will be the path forward on our end. So that's the best I can do for table setting.

And, I'm curious as to where you guys are at this juncture and the degree to which you are interested in moving forward.

Ryan Clarke: Jeremy and I, again, thank you for taking the time, both you and Mel. We've had, as you can imagine, quite a number of lengthy discussions with each other. And I can tell you that this is something that from even our original decision to come and do the work in LA, before all of this changeover happened, we still have the same mindset and the same desire and goal to help make the DWP a better and safer environment. We do have a few more strategies now than I believe we had, when we originally spoke, Cynthia, so I think we're in a much better place. I still, don't feel like I'm on a hundred percent on firm ground, terra firma is what we're trying to get to, obviously. But working together, I believe we can come to an amicable solution moving forward. And I think Jeremy feels the same way...Jeremy, let me know--

Jeremy Dodson: (Mutters) Yup, definitely agree.

Mel Levine: Yeah, well that's great. And that's what we're hoping for as well. So that's, that's music to our ears.

Cynthia McClain-Hill: Yeah, I think that, as I said, the other day, Ryan, that we are at least in a better place from an information perspective than we were two weeks ago, in that there has been consensus among leadership on our end about the best way for the department to move forward in terms of protecting or securing its you know, its, its facilities and{UNCLEAR) overall healthy cyber environment.

So at least there is no longer any question about, how to in the short term develop, you know, how to in the short term, secure services through a process that is, that was competitive. That is where the SCPPA piece comes into play. That's something that we know that the Mayor's Office and other leaders in the city are comfortable with as it, as it served as a competitive way of qualifying certain companies.

So we're, so with that kind of, that baseline, we've also been encouraged to use our best judgment, provided we are, dealing with a competitive - competitively procured services, our best judgment in determining how to move forward over the short run. And so we think that we're on pretty solid ground there, and we do have both a timeline that we believe we can execute against, which Mel can share, and, a way that, that we also can have more influence over timing of payments to your firm.

So I thought that was a critical component that we wanted to figure out a way to work through. So we think we've arrived at that, so we're in a better position in terms of at least seeing the path forward, whether or not we can get there, in a fashion that everybody needs is the bigger question, but at least we know what it is.

So, Mel, did you wanna kind of walk through that?

Mel Levine: Yeah, I'm happy to. And ah, feel free to chime in, Cynthia, on it as well. The soonest that SCPPA, there are a whole variety of, of steps in this process, which I'm not sure I need to bore you with, but mostly internal to us. SCPPA's next board meeting is, um April 18th. And, um, you are already on their approved list, and I don't know, um the extent of the conversations you've been having with them, but it's very clear that given all their criteria, you guys measure up at the top of the list, which is terrific and unsurprising, but they can't do an internal approval until their next board meeting, which is on the 18th. The soonest we can then meet is the 23rd, and we've changed our board meeting schedule around so that our next regular board meeting will be on the 23rd at which time, um, we need three votes, and you've got two of them right here, assuming that SCPPA comes through, which we have every reason to believe they will.

And then we, there is one little wrinkle that I hadn't really thought about, not being that familiar with how the city works, but we have to after approving um, this, you know, once SCPPA says yes, and we say yes, we have to wait five City Council days. We have to allow for five days in which the City Council will be meeting and given the days they're meeting and the days they're not that -- because they're, it

turns out they're on recess-- for a week from the 19th to the 26th.

So five days after, five Council days after that takes us to May 8th. But, um, we can issue the task order on May 8th, just going through that process. Um, this assumes a variety of procedural things go as planned, but our staff is completely on board and they've really, um, bent over backwards over the course of the last week to try to figure this all out and develop a very elaborate checklist of things that need to be done.

And they're very confident they can be done, on the various dates that each of them has to be done.

Cynthia McClain-Hill: I was gonna say the upshot of this process would be that you would be essentially along with at least one, potentially two other companies approved by, through the SCPPA process, selected for, as a vendor for certain services. Our Board would then, utilizing the SCPPA process, do something that they call piggybacking, which is piggybacking on their RFP, which would allow us to then, um, contract with you directly based on, um, the scope of, based on the services and rates that you negotiated with SCPPA.

The other terms and conditions of your (UNCLEAR) with the DWP would be to pursuant DWP's contract with you.

So the issue that you identified, Ryan, that under SCPPA's terms and conditions there would be up to a 60 day delay, actually 90 days, because I think it's 60 days after you submit your invoice, which you couldn't submit until 30 days after you worked, so 90 days before there would be any cash flow.

By um, by the process that we will, that we intend to use in, piggybacking on the SCPPA contract and issuing a direct contract to you through DWP, that would allow us to determine the frequency of pay, the terms and conditions of how that occurs. So we would not have to have in place a process which made it difficult for you to bill or that required so much time between when you were paid. So that was one of the things that, one of the ways that we can address that particular issue.

Mel Levine: And I believe, that's exactly right, and very well stated. I believe we

also by contracting directly with you in light of the delay, but now the delay is not nearly as great as it would've been. It's substantially shorter. Once you're on board. I believe, and Cynthia, correct me if I'm wrong, I believe that we can then do biweekly billing to sort of catch you up for a while.

Cynthia McClain-Hill: Yes, that is what our staff indicated was possible. And so those are the things that you would work out through terms and conditions with DWP (UNCLEAR) through SCPPA.

Ryan Clarke: Are we still looking at initially a six month plan, Cynthia?

Cynthia McClain-Hill: Yes, we are still looking at a six month plan. What will be happening while you are executing the work that you would be executing through this contract would be DWP would work with Homeland Security and the city to get an overall cyber assessment done. Um, frankly, we've had several, including the ones that you guys have done, so we, you know, they will have a lot to work from in order to get that done. We're told it can be done relatively quickly. But more importantly or and of equal importance, um, is, would be that we would use this time to work with stakeholders within the department, and, leadership in, among our consultant team to actually put together, I mean, a long term, strategic plan that would serve as the basis for our further contracting so that we, you know, we have a much bigger and more deliberate set of goals that we're working toward.

And we would also include within that larger plan, a number of the things that we learned when we were looking at this briefly in Israel, that we talked about, which is the kind of the people side of it, so that it's not all directed at the tech side, but looking at how to develop the cyber culture, what training looks like, how you communicate internally, really the entire transition or transformation of the organization would be the goal with some number, some number of years set aside to achieve that goal and specific milestones that would drive our future contracting.

Ryan Clarke: That sounds great. I, so Mel had mentioned that we've got two of the votes. I, I do have to ask just because I'm curious, what the the union's feelings are on this process right now?

Cynthia McClain-Hill: I've not talked to Brian about it. I do know that Brian would

prefer that DWP have a direct contract, so we will achieve that. So that will make him happy. In addition to that, I know that, you may recall that last conversation that we all had around the table, when we, actually, I'm not sure if you guys were still there, you may have left that last day before everybody else did.

But we, we all sat around the table: Brian's team, the folks from DWP and myself, and what we talked about was the need to put in place the sort of steering group, actually two, one that was looking at cybersecurity from a tech perspective and the other that was really looking at the culture management necessary to, actually drive a culture of cybersecurity awareness throughout the organization. That was something that he brought into in a really big way and wanted to be a part of.

So my thinking is that provided we're using this time to achieve the larger objective of getting our planning strategy in order so that we can move forward in a more robust way, I think he'll be fine. That and, you know, he is, he's comfortable with your team and certainly is aware that we have fundamental issues that we need to be addressing.

Ryan Clarke: Well, it sounds great. What do you, what do you anticipate needing from us within, let's talk logistics, the next couple of days versus (UNCLEAR).

Cynthia McClain-Hill: Well, I think for the next few days, what is going to be important is, the messaging that takes place. It's how we leave things, because under any scenario, there will be no work being done by outside contractors before, you know, for, for say 30 days. Right? Under any scenario. So, um, so the question for us, I think, and, and I, I know you've been working with Steven and he, you know, is, is always delighted, to be supported by your team, but it's really how do we leave things for 30 days -- Is the one question.

And then secondarily, I think that everything you, you just wanna make sure that whatever you need to do for SCPPA is done. As far as we know, that selection, the decision has been made at the staff level, but I, you know, I, you know, if there any, if there are any outstanding papers that need to be signed or, you know, i's that need to be dotted or t's that need to be crossed, you wanna make sure that that's done because it's, that's the basis upon which we can actually hire your company. You know, it's utilizing their formal RFP process that allows us to, to hire you without us having to make any provisions for a sole source contract. It would not be considered sole source.

Jeremy Dodson: Okay. So as far as logistics, I think is what you're talking about that, speaking about how to walk away for a period of time?

Cynthia McClain-Hill: Yes.

Jeremy Dodson: I think that's being worked out with (Steven) Kwok and we've been coming up with an amenable way of handling all of that. As far as the paperwork for SCPPA, we are on top of that. We are waiting for them to finish the final draft of the FPSA and we will have that back to them immediately. We've already done all of the approvals and red lines and everything else, so that's all done. It's my understanding that they have an intention of writing a letter of intent and having that to us by Monday or Tuesday. In which case that will...it's supposed to be just outlining the fact that they will be speaking to their board on the 18th to let them know... (UNCLEAR) and then we would need to sign that and give it back to them by Wednesday... (UNCLEAR).. SCPPA assumes and or would like absolutely everything done and then we are supposed to meet with them over WebEx over the 15th..That's all the stuff that we, we know about. And then Ryan and I, I guess we'll have to discuss trying to figure out logistics, but that's something that, you know, we will start working through that.

Cynthia McClain-Hill: Okay. Then the other piece, the other thing that I would suggest is that you guys spend a little time on your, as you're working through your own internal infrastructure, spend a little time on things like public bios, (laughter) and that's the kind of dumb stuff that you have when you document your company and who does what, that sort of thing. Because you're, because you're just gonna want all that stuff in place, and it may well be that in the context of contracting with us, you're asked for a company profile and the, you know, resumes for the principals who will be assigned to our projects and things like that.

So, you know, sort of making everything both public, publicly or making things right, making sure things exist in a form that were public Records Act requests to be issued, that it could be made public or if someone just asked, they could be handed to them.

And then also that everything is Aventador-clean would be useful just so, um, in the, in the event that someone has a question, that it's easily put to bed. You should also know that at the same time that we're taking you guys off the bench from SCPPA, we'll also be contracting with Archer, as well. I think that they were qualified in some of the public, some of the training protocols through SCPPA. And so we may give, do some work through them relative to training or look at

implementing certain initial training, acts of training protocols through them...Not entirely sure about that, but we do know that we'll be putting at least two people on that list on that same day.

Ryan Clarke: We know, we know the Archer guys and they're primarily, they're not even really in the same space as we are for what their service offerings are.

Mel Levine: Yeah, that's what we, that's what we understand, which is fine. Yeah. That works.

Cynthia McClain-Hill: That works for us. (laughter)

Mel Levine: It enables us to, to, uh, be bringing two companies on rather than just one.

Cynthia McClain-Hill: Part of that obviously is we're just trying to take the spotlight, to have the spotlight dim a little as it relates to, you know, what we're doing, uh, and in particular what we're doing with your firm. And you know, over the next several weeks and months it will all go away, but in the interim as we're thinking about things, we wanna make sure that we're thinking about things with a broader lens, and so that people can't become totally focused on Ardent Solutions -- which is a pretty cool name by the way.

Mel Levine: We like it.

Jeremy Dodson: Thank you.

Cynthia McClain-Hill: So I think, so from on our side of it, there's really not, there's, um, I suspect that staff will be reaching out to you through Steven, perhaps Donna, to walk through a, you know, the ultimate contracting or task process, however, that's going to be done internally so that they will want to have

that paperwork ready to go as quickly as possible after, um, we, you know, after we take action, although all those things can't become formal or final until the council period, um, has expired, their period to review the actions of our board has expired.

It's not specific to you, that's, they have that with respect to anything we do that's contractual, so.

Jeremy Dodson: Okay. So as far as the publicly available information...Ryan and I have been working diligently on that and, and agree very much with that. So that will be available as we're working through here.

Cynthia McClain-Hill: Okay. Perfect. Do you guys have a website yet?

Jeremy Dodson: Website is there. That's what one of the things that we're doing is, uh, making sure the information that we put up when we put it up is good. But it would be, um, our Ardent Cyber dot org.

Cynthia McClain-Hill: Okay, great.

Ryan Clarke: It's, it's currently in a temporary state, but it's there. So as we're building it out..

Cynthia McClain-Hill: I have to tell you that these are all the fun things about becoming a business owner. These may be the things that you hate. Those are the things that I enjoyed the most (laughter). The problem is, of course, after a while you start to feel like you're being pulled out of your, out of the thing that you love, the service side of it while you deal with all the administrative stuff, but the administrative stuff matters.

Ryan Clarke: As far as the termination of the contract, so we'll be submitting the next to the last invoice on Monday and final invoice on the following Monday.

Cynthia McClain-Hill: Yeah, no, that's fine. I know that our staff has gotten, um, on a rhythm with respect to your invoicing, so, um, you know, I think that they will do their best to, to keep that moving forward and to resume that rhythm once, um, you're reengaged during this other process. So, you know, it's not perfect, but it's not as bad as what you described earlier in the week.

Mel Levine: Yeah, and I'll make one editorial comment, in the context of a preliminary editorial comment is... we are very, very lucky that Cynthia has joined our Board because you, she is so talented... I have been on it for five and a half years. You guys have been working with the department for a relatively short period of time. You've probably already noticed that we do not have a fast moving bureaucracy in the LA Department of Water and Power.

And during my five and a half years, I have never seen our staff pull together an effort so quickly in order to try to get something done, which is a testimony to how valued you guys are. And ah, there's been an incredible team effort internally to try to make this work in a way that will be as, as pain free as possible or, or minimal.

Ryan Clarke: We really appreciate that. I would also like, just to, to second what you're saying, I will tell you that if it weren't for being able to work with, uh, Cynthia, that this probably would not have moved forward, at least from our end.

Mel Levine: Well, I'm not surprised to hear that and that's completely consistent with my experience, my limited experiences with Cynthia. It's a good thing she decided to join our Board (laughter).

Cynthia McClain-Hill: Well, I'm just looking forward to all of us getting past this and really beginning to realize the vision that, um, you guys began to lay out for us, um, in Israel and also, um, to really, uh, see the Department, and the citizens of Los Angeles, you know, be more secure, uh, certainly than we were before you showed up (laughter) and than where we are today.

So, um, and I, and I do want to underscore what Mel has said, the staff is feeling (UNCLEAR) in, um, working in problem solving, um, so that we could come up with a timeline that is better for us and better for you. So they deserve big kudos for that.

Jeremy Dodson: Awesome. We really appreciate it and it, um, uh, the, our decision to try and help and see what we're doing, that we're definitely on the right track. Like we all have the same passion and the same focus. Um, so that's also really good. So we appreciate it.

Cynthia McClain-Hill: Well, gentlemen, thank you so much. I'm sorry I was late... but the call still only took 30 minutes, so.

Jeremy Dodson: Awesome.

Cynthia McClain-Hill: If you need anything, don't hesitate to reach out.

Jeremy Dodson: Thank you much.

Mel Levine: Yeah have a good weekend you guys, and absolutely, feel free to reach out to either one of us at any time.

Jeremy Dodson: Okay, we appreciate it.

Mel Levine: Okay, take care.

Cynthia McClain-Hill: Okay, bye.

Jeremy Dodson: Bye.