

Commonwealth of Pennsylvania
Office of Attorney General

June 12, 2026

Subject: Contract No. 4300871502 (Lobar Associates, Inc.)
Contract No. 4300871506 (I.B. ABEL, Inc.)
Contract No. PSP-SA-10-26 (Facility Optimization Solutions, LLC)

To: Elizabeth L. Pettis
Deputy General Counsel
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From: Ronald Eisenberg
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Amy M. Elliott
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Legal Review Section

The Office of Attorney General is in receipt of your resubmission of the above-referenced settlement agreements and response to our tolling memo of May 8, 2026. We appreciate your cooperation in our review of the settlement agreements in question. As you know, these agreements constitute government contracts to pay for security measures at the private residence of an elected official. We share a grave concern for the personal safety of public officials and their families. At the same time, our role under the Commonwealth Attorneys Act is to assess the legality of public contracts rather than their wisdom. In this case, the dilemma created by these expenditures is that there was an absence of proper procurement procedures, yet the contractors performed the work in good faith and deserve to be paid. Accordingly, we will approve the settlement agreements on a one-time basis. Going forward, we expect that such expenditures will result from specific legislative appropriation or new general laws. We look forward to working with the administration to accomplish these goals.

The Attorney General is acutely aware of the negative developments in our political culture, and the accompanying increase in threats to the safety of those occupying public office. Elected public officials are entitled to be safe from harm. Unfortunately, the level of vitriol and hate has resulted in threats and in some cases attempted and actual harm against public officials across the country. The attack at the Governor's residence is one such example. Officeholders should not have to risk their lives and those of their families to serve the public.

However, as currently drafted, the Procurement Code simply does not contemplate or authorize the expenditure of Commonwealth funds for construction at a private residence. While Section 516 of the Procurement Code, related to Emergency Procurement, may exempt an agency from complying with the more formal competitive selection requirements of Chapter 5, Section 516 does not expand an agency's power to obtain construction services it is not otherwise authorized to procure. Indeed, the job order contracts used in this very case recognize this limitation. They explicitly provide for work at a "location or facility under the jurisdiction of the Commonwealth."

We recognize that, after the work had apparently begun, the Ethics Commission issued an opinion concluding that the construction did not constitute a "private pecuniary benefit," and therefore did not amount to a "conflict of interest" as defined under the state Ethics Act. Our role in reviewing government contracts is a different one. The Ethics Commission has no authority over the procurement process, and appropriately did not offer any judgment on it. As we have noted, the question here is not whether the construction was justified on policy grounds, but whether the expenditures used to carry out that policy were lawfully procured. In our experience, the government contracts we review are generally implemented for reasonable purposes. But a governmental entity as large and complex as the Commonwealth of Pennsylvania also requires proper procurement and accounting procedures to ensure that taxpayer funds are expended in accordance with law.

Current procurement law does not account for the increasing reality of threats to public officers and their families. Because the law does not allow for public funding of construction on private residences, the Treasurer had no legal option other than to deny payment. The only way for the Commonwealth to lawfully pay the contractors for their work was by direct appropriation by the legislature, or, as the Treasurer's statement recognized, by an agreement, such as those presented here, to settle the debt incurred without resort to litigation.

As our office stated in a previous communication, a legislative appropriation would have been the quickest and cleanest solution. PSP did indeed seek and promptly receive such an appropriation, totaling over \$30 million, for work on the elected officer's official state residence. This project could have been submitted to the legislature at the declaration of an emergency in May of 2025, at the first signing of a contract in August of 2025, or at any point before the

budget was enacted in November of 2025. It is unclear why the request for that appropriation could not have included an additional one million dollars to cover the parallel work done on the official's private residence. Had that course been taken, the legislative branch would have been accorded its rightful place, and the contractors would have received the money owed them long ago.

Absent such an appropriation, the contractors are left with no recourse but the possibility of litigation, which brings us to the currently proposed settlement agreements. A settlement agreement is the only other option to limit the Commonwealth's costs to the face value of the invoices. Were the vendors to file suit for payment, a court would likely balance the equities in their favor. Any such award would include the total cost of the invoices claimed, plus any pre-judgment and post-judgment interest accrued at a rate of 6% per annum. And, the Commonwealth would incur additional defense costs. All of these additional costs would come from taxpayer dollars.

We must take all these circumstances into account. The Commonwealth Attorneys Act charges the OAG with the authority to review, for form and legality, all contracts to determine whether they are statutorily authorized, constitutional, and in proper form. Regarding settlement agreements, our office must determine, as with all contracts, whether the specific expenditures exceed the scope of statutory authority. If the submission to OAG does not provide sufficient detail to make that determination, as was the case here, we must ask for more information – as we have done in many other cases over many years.

Against that background, and with further information now provided by PSP, the Office of Attorney General approves these settlements for form and legality. As we can all agree, however, the situation presented here is likely to recur with other public officials. Settlement agreements do not address this larger problem. So, this approval will not serve as precedent for the future approval of similar transactions or settlement agreements. In place of approving them in the future, we are prepared to engage with the General Assembly and the administration on new legislation that will apply to all affected officials. There are many difficult policy questions that must be answered in order to reach a solution that is fair to both public officials and the taxpayers who fund them. Only the legislative process can properly resolve the issue.

Attorney General Sunday believes it is incumbent on all of us to work together to update our laws to meet the challenges of keeping public officials safe.

cc: Brendan J. O'Malley, Esq.