
STATE OF MARYLAND
BOARD OF PUBLIC WORKS
GOVERNOR'S RECEPTION ROOM, SECOND FLOOR, STATE HOUSE
ANNAPOLIS, MARYLAND

May 13, 2015
9:10 a.m.

PRESENT

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Governor

HONORABLE NANCY KOPP

Treasurer

HONORABLE PETER FRANCHOT

Comptroller

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PROCEEDINGS

GOVERNOR HOGAN: Good morning, ladies and gentlemen.

AUDIENCE: Good morning, Governor.

GOVERNOR HOGAN: It's great to be back here for the Board of Public Works. We missed our last full Board meeting as a result of the, the troubles in Baltimore. And so today we have a double Agenda. If you look at this, this is half of the work for today, and here's the rest.

COMPTROLLER FRANCHOT: Yep.

GOVERNOR HOGAN: So we have 165 items totaling \$736 million that we're voting on today. But as we move forward, I just want to take a moment to thank all of those 4,000 individuals that went with us to Baltimore. The, the National Guard, the State Police, and every single agency, and the people that stepped up that did a tremendous job, and I think they deserve a great round of applause.

(Applause.)

GOVERNOR HOGAN: And one of the groups that really helped us from out of state, we had a number of states that pitched in, and Pennsylvania was one of them. I had a discussion with Governor Tom Wolf a couple of days ago. They had sent 300 troopers in from Pennsylvania. But we've been in touch with them to see what kind of help Maryland can provide. I know some of you

are aware of the Amtrak tragedy that happened. Our thoughts and prayers go out to the people of Pennsylvania. We're here to help them in any way we can and we're tracking the situation and getting information updated as fast as we can to find out about potential Maryland folks on the train.

But we did have a very special Board of Public Works meeting last week in my absence. The Comptroller was away and I was in Baltimore. But Deputy Comptroller and Liaison to the Board of Public Works Jerry Klasmeier sat in with the Treasurer and acted on one time sensitive, very important item which was the property tax rates which are staying the same and unchanged for this year. That deserves a round of applause as well.

(Applause.)

GOVERNOR HOGAN: The meeting also marked the last one for Jerry as a State employee, who after decades of incredible service has retired. And we were supposed to have a big retirement show for his last time. He was going to be filling in for the Comptroller. I'm glad you got to take that one important vote, Jerry. But since we didn't get to formally take the opportunity last time this morning we're here to formally acknowledge all of Jerry's many contributions to the Board and to the State of Maryland. And I'd like to first of all start out by recognizing a distinguished guest we have in the audience here this morning. His picture hangs on the wall as you walk in through the door on the

right. He's my long time friend, the guy I was honored to serve with. Governor Bob Ehrlich has joined us this morning.

(Applause.)

GOVERNOR HOGAN: So Jerry, if you and the Governor would join us back here I've got a couple of presentations I'd like to make before we get started. And we'll get a couple of pictures.

I don't know if it will stretch this far. First of all, Jerry, we have a proclamation, Governor's Citation.

Jerry Klasmeier, be it known that on behalf of the citizens of this State in recognition of your lifelong career of outstanding service to the State of Maryland, the high standard of professionalism, wise counsel, and integrity you have maintained throughout your distinguished career symbolizes public service and State government at its finest. Throughout the years you have worked tirelessly for the citizens of Maryland. Congratulations and best wishes on the occasion of your retirement. It's signed by the Governor, the Lieutenant Governor, and the Secretary of State.

(Applause.)

GOVERNOR HOGAN: And we have one more special presentation that's really even more rare than a Governor's Proclamation, and it's only given to very special people once in a while for outstanding achievement.

And that's the Chesapeake Bay Ambassador Award, which we are presenting to Jerry upon his retirement.

(Applause.)

GOVERNOR HOGAN: Governor, do you want to say a few words?

GOVERNOR EHRLICH: You know, all of this is great and sounds wonderful. But the man put up with William Donald Schaefer and Peter Franchot.

(Laughter.)

GOVERNOR EHRLICH: So I, I put him in for the Congressional Medal of Honor and I --

(Laughter.)

GOVERNOR EHRLICH: -- just congratulations, my friend.

MR. KLASMEIER: Thank you, Governor. Thank you very much.

(Applause.)

GOVERNOR HOGAN: Now let me turn to my colleagues to see if they have any opening remarks. Comptroller Franchot?

COMPTROLLER FRANCHOT: Thank you, Governor and Madam Treasurer. And Governor Ehrlich, I told Jerry that if he voted to increase the State property tax I was on the next plane back.

(Laughter.)

COMPTROLLER FRANCHOT: But I'm very pleased that he got to officially act as Comptroller. And I share Governor Ehrlich's comment. It's, he's just been a great person for us. And Jerry, I have a couple of comments later in this. But this is about the tenth ceremony honoring Jerry Klasmeier and we've got about another 20 organized in the future. So --

GOVERNOR HOGAN: He deserves them all.

COMPTROLLER FRANCHOT: Yep. Last night he got a standing ovation at the Anne Arundel Community College Board of Trustees meeting, for his service there. And I don't know. I don't see standing ovations very often these days.

But I would like to echo the Governor on the Pennsylvania Amtrak tragedy and my heart goes out to anybody that had a family member who died on that or is critically injured. And Governor, I agree with you. There have got to be a bunch of Maryland people involved so thank you for expressing those thoughts. And anything we can do to be helpful to them.

And you also referenced the fact that the last meeting was postponed because of the unrest in Baltimore. And I just wanted to compliment you, Governor Hogan, for the resolute leadership that you showed throughout that crisis that took place in Baltimore. I really salute the decisive action that you took

to protect lives, businesses, and communities. And you personally reassured a shaken city that order would be restored, and most importantly you were there.

Thank you.

You let the City know that the State would be there with them through the long haul. And as they rebuild there are so many things both tangible and intangible that have been lost. Governor, thank you. Job well done.

(Applause.)

COMPTROLLER FRANCHOT: I'd also if I could like to express my extreme gratitude and admiration for our law enforcement officers, emergency responders, civic and community leaders from all faiths and all walks of life who came together and stood up against the senseless and inexcusable violence that put a city that we all love in the national and international spotlight for all the wrong reasons. And hats off to everybody who continues to help clean up the mess and repair the broken trust that has been left behind.

Finally on a happier note, we're beginning today's meeting, I'm not going to have the legendary Jerry Klasmeier sitting next to me. Although he is here with his wife Janie. And as most of you know Jerry has retired from State service but he leaves behind a monumental legacy of honorable and effective public service. And while we would not and could not ever try to replace such a

trusted friend, sitting next to me now is a young man who I'm certain will live up to the example Jerry has set forth.

John Gontrum is a graduate of Gilman, Gettysburg College, University of Maryland Carey School of Law. Most importantly, he is an extremely qualified, effective, and smart public servant who fortunately for us was able to work closely with Jerry over the last year and learned about our State's procurement laws and practices directly from the gold standard himself. After a highly successful tenure as my Chief Legislative Officer I'm proud to introduce John Gontrum as my newest Assistant Comptroller and BPW Liaison.

(Applause.)

COMPTROLLER FRANCHOT: I look forward to many years of John's counsel and trusted advice here at the Board of Public Works. And Governor, thank you for all of your leadership and I'm happy to get the meeting going.

GOVERNOR HOGAN: Thank you very much. Madam Treasurer, any opening remarks?

TREASURER KOPP: Thank you, Governor. I, I want to echo everything that the, that the Comptroller and you have said. First of all about Jerry. This is, this is not the first time. I'm, I'm running out of, of, of great things to, to say. Except to, so everyone here knows we've known Jerry a long time,

since he's been an advisory on the, on the legislative staff, and then in a number of areas of expertise. But I for one have relied on him, I'm sure the Comptroller knows. And I thank the Comptroller and the previous Comptroller as well, for allowing me to, to use the expertise and to learn, continue to learn from Jerry who I assume is sitting there next to Janie.

(Laughter.)

TREASURER KOPP: I think, I think we will be seeing him, seeing, seeing him often in the, in the future. So it's not farewell. But, but one more thank you.

The experience in Baltimore surely was, was a very, very, very unfortunate one, one very bad one, Monday night. Tuesday morning, to see the people out there cleaning up the streets, the City, the citizens of the City reaffirming their faith in the City and in civility was in fact I think a very inspiring, inspiring thing. And to see government at different levels working together to begin to address the, the very serious needs of the people. I for one am here, and I'm sure all of us are, to do whatever we can to support the City, and the State, and the citizens.

I was just telling the Governor I had been in New Jersey in, visiting my son, who, who had had an injury. And I was driving home not Monday, but a week later, driving home on, on Route 95. And past me on the

other side were fleets of, of, of law enforcement vehicles with their lights on going home. And it really was, once I realized what it was, because of course there were no signs, there were no sirens, nobody, but I realized that, that those were our colleagues and supporters from, from Pennsylvania, from New Jersey, going home after, after lending a hand. It was really, it, it was a very good, very good feeling. And then to wake up this morning and read about the terrible accident on the Amtrak route, the Northeast Regional, which many of us take all the time to go north, and to know that not only exactly where that turn is but, but of the havoc that was wreaked and, and we're still learning about it. And to know that we can be there, too, to lend a hand in a different type of emergency, it's really I think a lot of what, what government and regional respect and cooperation is, is all about. In times of crisis of different sorts to know that you can rely on your neighbors. So I just, our hearts go out. I am sure some of our, our neighbors were on that train. But it doesn't really matter where the people live or where they were going. They were fellow human beings. And I'm sure that all our, our hearts and our minds are, are with them. And with that, I thank you, Governor. And welcome. Some of you know, just a personal remark, I'm not a summertime person. But I think it's so great outside.

(Laughter.)

TREASURER KOPP: So enjoy the day.

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GOVERNOR HOGAN: I've got my Orioles tie on.

TREASURER KOPP: Yeah, great.

GOVERNOR HOGAN: Well, thank you both. Let's go ahead and get started with the Secretary's Agenda. Secretary McDonald?

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Let me first say that there is a traffic problem coming down on Route 97 and we apparently have a lot of people who are texting us who are not quite here yet, including one of our two court reporters which is we ask that two court reporters be assigned. So we have one. So I may ask you to stop and spell your name because I don't have somebody who is going to be able to run out and get you. So just make sure you introduce yourself.

Good morning again, Governor. We have 31 items on the Secretary's Agenda this morning. We have two reports of emergency procurements. We are withdrawing Item 3 and Item 24. We have a very special Item 1, which is the resolution to honor Mr. Klasmeier. We are ready to do questions on any of the items on our Agenda, though.

COMPTROLLER FRANCHOT: Governor, if I could on Item 1? It's a very lengthy and wonderfully flattering series of wonderful statements about Jerry Klasmeier, all of which I strongly concur with because I think I wrote a few of them. But I won't read all the whereases, if it's okay, Jerry? And just read the

now therefore, in recognition of his half-century of service the Board of Public Works resolves that Jerome W. Klasmeier has earned this honor and that this resolution be placed in the public record as a heartfelt tribute to a man whose service will long be treasured in the annals of the State of Maryland. And Jerry, I'm not sure where it is. I have the copy here. But it's going to be in the public record and congratulations. And I guess if you'd like to make a comment, we'd love to hear it.

MR. KLASMEIER: Thank you, Mr. Comptroller. Governor, Treasurer, Comptroller Franchot, thank you very, very much for all of the wonderful things you've said. I wish I was half as good as you say. It would make me feel better. But the hero in my family isn't here, the hero of my family is right here, my wife Jane. So --

COMPTROLLER FRANCHOT: Yeah.

(Applause.)

MR. KLASMEIER: -- we are about to, in September we will have our 50th wedding anniversary. We're all looking forward to that. A big party is going to be had by all. Look for invitations in the mail.

I would like, there are so many people you want to thank at a time like this. And you know, Sheila and her staff, and Susanne, and working with Susanne, and before her was Howard. And John has been a great student, if you

will, and he's going to do fine here. But the one thing I want to mention, because some of you know that about two and half years ago I had triple bypass surgery. And it was a difficult time. But it was interesting because we didn't miss a beat on doing the analysis for the Comptroller for the Agenda. I got home from triple bypass on a Monday, Labor Day, and Tuesday we were working on the Agenda. And we did two more from home. But in 13 years we haven't missed one. And I'm really proud of that record, as a matter of fact.

But what's really important, a couple of years, or a year and a half ago I started dialysis, which was an interesting experience, and I had to modify my hours at work, from one, and on Monday and Wednesday from 1:00 I had to leave. And Peter and Len let me work at home on Saturday and Sunday to make up for that. And we haven't, here again, we haven't missed an Agenda. And I think it's important to recognize publicly the compassion and the cooperation and the understanding that I got from, from Comptroller Franchot and Len in doing my job. And it really helped with me and, and my whole physical business, you know. And I'm doing fine with it. But it's just, it's for the record it's very important to me that people know that, you know, it's a very important thing you did. And I'll never forget the compassion that you, both of you showed. So thank you very much.

And all of the rest of you who worked with me over the 52 years of time, you all know who you are and, and you're wonderful people. And there wasn't, well maybe one or two occasions at General Services when maybe I wished I was someplace else. But I really have enjoyed --

(Laughter.)

MR. KLASMEIER: -- these, these past 13 years. It's, it's been a lot of fun and I've enjoyed every day of it and if I can do anything to help anybody in this room anytime, you know where to reach me. I'll be available. So thank you all very, very much.

(Applause.)

MR. KLASMEIER: Governor, I always wanted to leave one of these meetings. And I'm going to leave because --

(Laughter.)

(Applause.)

GOVERNOR HOGAN: Congratulations. That's probably the best gift of all.

(Laughter.)

MR. KLASMEIER: I'm sorry I can't be here, Governor.

(Laughter.)

GOVERNOR HOGAN: Thank you, Jerry.

MR. KLASMEIER: Thank you, all.

GOVERNOR HOGAN: Well let's move on to the rest of the Agenda. I'd like to point out a couple of items.

First of all on Item 7, could a representative of DHCD please join us up here?

SECRETARY MCDONALD: Assistant Secretary Carol Gilbert is here.

MS. GILBERT: Good morning.

GOVERNOR HOGAN: Good morning.

MS. GILBERT: Carol Gilbert here.

GOVERNOR HOGAN: Carol, thank you for being here. I know the Secretary is tied up in traffic.

MS. GILBERT: He is one of the folks tied up on Route 97.

GOVERNOR HOGAN: I was hoping maybe you could just talk to us a little bit about the Neighborhood BusinessWorks loans in Baltimore City?

MS. GILBERT: Yes. And we brought a few slides to illustrate the project. And I'd like to also mention that this was the first loan program on the street helping Baltimore City businesses reopen. I'd like, I'd like to acknowledge GOMA Secretary Jimmy Rhee for his assistance in helping us connect with the Korean business community, which was hard hit, as we know. And this is a, a

business program that's aimed of course at creating jobs but also at revitalizing communities. It's targeted to assist the State's oldest communities in order to regenerate the economic engine at the local level. Our excellent Secretary has, wants us to help achieve the Governor's vision for economic growth and job growth by exponentially growing this program from what is now approximately \$5 million a year, and his goal for us is \$50 million a year. So we're going to hit the ground running with this program.

GOVERNOR HOGAN: That's pretty good growth.

MS. GILBERT: It will be a lot of fun and it will do a lot of good.

So next slide, please.

So this is the State's only loan program aimed at neighborhood revitalization in addition to economic growth. And this helps our agency fulfill our community development mission. It's a gap financing program and we are particularly proud of its investment in our State's historic town centers and main streets. Next slide, please?

And this illustrates our role. We are not replacing the private sector. We are providing a bridge for small business owners that are not able to fully finance their projects. Next slide, please?

And these are the kinds of impacts the program has. Next slide, please?

The, the item in question is the Peabody Heights Brewery. It's located in the heart of Charles Village, a historic neighborhood once called Peabody Heights. And it will, our, the State's assistance will help us nearly double the jobs at this brewery. It's a unique microbrewery in the sense that the owners are providing infrastructure for small craft brewers to utilize equipment to grow their own craft businesses. And our investment will help double the production of this facility in the heart of Baltimore. Next slide?

This is the location. It happens to be, and the reason why the last slide was a picture of a ballpark, is this happens to be on the grounds of a former, one of the early ballparks in Baltimore which I understand was a minor league ballpark in which someone named Babe Ruth played as a pitcher before he was traded away. Next slide, please?

This is an example of some of the brewery equipment that's being expanded at this facility. And that's a little bit about the program. Mister --

SECRETARY MCDONALD: You will have to come to the podium if you're speaking for the court reporter, please.

MS. GILBERT: Okay, this is one of the entrepreneurs.

MR. O'KEEFE: Richard O'Keefe.

MS. GILBERT: Richard O'Keefe. Come forward if there are any questions for you. And we should also mention that this as an industry is a

growth industry in Maryland. We think there is somewhat of an untapped potential currently in Maryland.

GOVERNOR HOGAN: That's a good one.

(Laughter.)

MS. GILBERT: Currently in Maryland --

GOVERNOR HOGAN: There was a little delayed reaction on that one.

(Laughter.)

MS. GILBERT: We are currently ranked 25th in the number of breweries, and 23rd in its economic impacts nationally. But, and yet the impact is very significant in the State of Maryland, \$450-some million a year in economic impact.

MR. O'KEEFE: Thank you. Mike's in the traffic jam?

MS. GILBERT: Yes, go ahead.

MR. O'KEEFE: I'm Richard O'Keefe. I'm the owner and President. This is my wife Kyong Hwa. Okay? I owned a company that no one ever heard of called Simm-Kee. We were the largest employer of the working poor in the State of Maryland. We were a variety packer of, Baltimore was the beverage capital of the world at the end of the Second World War and I made all the variety packs for the club stores for the last 24 years. But the industry left

town and didn't take me with them, so I bought this brewery. Stuff in a bottle. And I was going to bring samples, but they said I shouldn't.

(Laughter.)

MR. O'KEEFE: So, but as you know every brewery, in fact this is, this was beverage capital's soda plant. This is where all the Vitamin Water was made that we variety packed for the last 15 years. But it closed and it's now a brewery which we've opened. And I bought the brewery on October 6th and we had eight employees. I have it up to 13 employees.

One of the things that we're doing, we have a brewmaster there who is a, Ernie Igot who is the, was the head brewmaster at San Miguel in, in the Philippines. He's German trained. And one of the things that we're doing is, we've already trained two young men to be brewmasters. They can walk out right now and get a fabulous job anywhere in the country. And we just hired two more to do the same thing since we will be cooking beer around the clock and we need five brewmasters. So it's a great potential. I thank the State for lending me the money.

What we did with the money was we bought the building. Because a brewery is a fortune. You spend millions of dollars to make a brewery and we couldn't have done it in a building we don't own. So we bought the building a couple of weeks ago. And, and that's about it. And the brewery is operating right

now at about 40 percent capacity. We will have to buy the tanks and a new brewhouse. That brewhouse is not big enough. Maybe some of you know some of our brands that we make. Raven Beer, which is the Poe, the one with Poe on it. Full Tilt, Fin City, Public Works Ales, our own, and next week we have Old Oriole Park Beer coming out, which we're hoping Mr. Angelos won't sue us.

(Laughter.)

MR. O'KEEFE: But every square inch of this brewery, every square inch of this brewery sets in what was left field, center field, second base, and third base of Old Oriole Park No. 5. And we are going to build a museum inside there to celebrate the history of baseball in Baltimore and to show people about it. And you're right. He played on that field. Not as a minor leaguer but as a member of the New York Yankees because we were their farm team and they played us every year on the way to New York. But Baltimore has a rich tradition in minor league ball. Fabulous. This was also the home of the Elite Giants, the best team in the Negro League. Every day this stadium, see it? Every day this stadium was, was packed. And in fact they sold standing room everyday and the standing room was in right field. You stood in right field and watched the game behind a rope and if the ball came to right field you moved around. And, but it's a fabulous, the history of this building is incredible.

The wall to the parking lot is the original left field wall. Okay? It's the only thing that didn't burn down so they built the, they built the soda plant around it. So it still sits there and people will be able to see it. And I can talk for days. So just throw me away.

(Laughter.)

GOVERNOR HOGAN: Well, thank you.

MR. O'KEEFE: I'm sorry. I was born to sell.

GOVERNOR HOGAN: Well thank you very much.

MR. O'KEEFE: And thank you so much, an honor to meet you, Governor.

GOVERNOR HOGAN: It's a great example of how an entrepreneurial spirit --

MR. O'KEEFE: Thank you.

GOVERNOR HOGAN: -- and a little bit of help from the State can invest in great jobs in a place that really does really need some. So thank you.

MR. O'KEEFE: Thank you. And yes, and we will create jobs in that neighborhood.

TREASURER KOPP: Will you have, will you have a capacity for visitors to come --

MR. O'KEEFE: Well I, thank you.

GOVERNOR HOGAN: Yes?

MR. O'KEEFE: Yes, every brewery, every winery has a tasting room. And we are going to have one of the largest. It will be open in about three weeks. It will be a Saturday. And I invite everyone there to come and sample our beers. And we make fabulous beers. Anyone that knows anything about craft beers, even, even my competition tells me I make the best beer. So I invite you all. It will be a Saturday in about three weeks. And please come and try it. And especially our Oriole Park Beer.

GOVERNOR HOGAN: Great.

MR. O'KEEFE: We're very proud of it.

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: Could I compliment the salesmanship of --

(Laughter.)

GOVERNOR HOGAN: He's just angling for free beer.

MR. O'KEEFE: I --

(Laughter.)

MR. O'KEEFE: And I'll be happy to give you some samples, as long as it's not worth \$15.

COMPTROLLER FRANCHOT: Yeah.

MR. O'KEEFE: But, which is like a bottle. The, but I've been in Baltimore, in business in Baltimore my whole life. And, and it's a great place to do business. And it's really a wonderful place to manufacture, if we could get back into manufacturing. So thank you so much. I'm very --

GOVERNOR HOGAN: The Governor was referring to the fact that I'm the chief alcohol regulator of the State.

MR. O'KEEFE: Oh really?

(Laughter.)

MR. O'KEEFE: You will find, you will find us right up to the second. And you're right, that's a big job keeping that money -- it is. Because you, you charge by the gallon. And that's really hard. Like how many is in this bottle? My God, we actually overfilled a bottle. And we thought, oh my God, what are we going to do? We put too much beer in the bottle, and he charges by the gallon. So not by a bottle. So we had to formulate and pay our taxes properly. Thank you so much.

(Laughter.)

MR. O'KEEFE: Thank you very much.

GOVERNOR HOGAN: Thank you.

MR. O'KEEFE: Thank you.

GOVERNOR HOGAN: As long as he doesn't drink by the gallon, we're okay.

(Laughter.)

MR. O'KEEFE: Thank you. Thank you so much.

GOVERNOR HOGAN: Thank you very much.

COMPTROLLER FRANCHOT: I sometimes say to people that, look, I don't have to have a beer to enjoy myself. But why take a chance?

(Laughter.)

GOVERNOR HOGAN: Carol, I just want to thank you and the Secretary for your leadership. And I know that in addition to this loan program you have the zero percent loans that we're doing. If you could just touch on that real quickly?

MS. GILBERT: Yes. That's --

GOVERNOR HOGAN: But we're doing everything we can to help the folks in Baltimore.

MS. GILBERT: Yes, sir.

GOVERNOR HOGAN: And thank you for pointing out Secretary Jimmy Rhee and his efforts. As, as you mentioned, of the 300 businesses that were damaged the majority of them were Asian owned businesses, and most of them Korean. There was specific targeting of those groups. And Secretary Rhee

and the First Lady both have had numerous meetings with those Korean business owners, speaking to them in Korean, talking with them about the various programs that might be available to help them get back up on their feet and back to business. So we thank your department for your leadership in that as well.

MS. GILBERT: Thank you, Governor. And thank you to your team. In fact we've had a lot of help from your team in the Governor's office in translating our documents. The Banker Loan Program is the first, this is the first time we've ever offered it at zero percent. And our Secretary asked us to make sure that we make it as simple and fast as possible and that's what we've done. So we have those documents translated into Spanish and Korean. And we'll work on other languages as we need to. And it's posted to our website, mdhousing.org.

GOVERNOR HOGAN: Well, thank you. And in addition to that yesterday we got the word that the federal government accepted our declaration of emergency, and also the SBA is coming in with their own loan program and opening up two offices to help them work with us as well. So hopefully we'll get some of these businesses back on track. So thank you very much, Carol.

TREASURER KOPP: Governor, could I just say Carol just, just touched on something that has been of interest to me for decades. And that is the whole question of microloan and microinvestment. And I really, I really am, I think it's terrific that, that you all are pushing this and growing it. Because I think

that, that microloan and microinvestment are really, really key to community growth and health. And we talked about it for a long while, we did some things, but we, but I think to, to, to use that as a key to growing the community and making people independent, not just in Baltimore City but throughout the State, would be, would be a great next step for Maryland.

MS. GILBERT: Great. Thank you.

GOVERNOR HOGAN: Thank you, Carol. I'd also like to point out Items 11 through 14. Is somebody here from the Military Department?

SECRETARY MCDONALD: I know Catherine Kelly is here. She probably has some people to introduce, so --

GOVERNOR HOGAN: Catherine Kelly, welcome Catherine.

SECRETARY MCDONALD: She shepherds the Fire Volunteer Company Awards Assistance Fund. These are awards --

GOVERNOR HOGAN: Yes, well first of all, Catherine, I want to again, please pass on to General Singh and the entire team our gratitude. The work of the Guard during the situation in Baltimore was just incredible. It usually takes at least eight hours to mobilize the Guard. We were there in three hours.

MS. KELLY: Yes, sir.

GOVERNOR HOGAN: We brought 3,000 Guard members in, people that left their loved ones and their families and their jobs and responded

overnight and worked around the clock keeping people safe. So I keep complimenting her, and the whole team. But I want to do it again because they just deserve our thanks and our appreciation. So pass it on when you get back to -
-

MS. KELLY: Will do, sir.

GOVERNOR HOGAN: -- back to, and so we have these loans this morning totaling \$1.6 million for the new fire engines. And I want you to touch on those and talk about how these, you know, have folks come up and talk about how they might help their communities? Because the fire departments that responded from all around the State were incredible. The police and fire, we had 500 police officers, we had fire departments everywhere that came in on a moment's notice to help. They brought their equipment, they brought their folks with them. And so they do great work every single day, but it was highlighted in that crisis when they really stepped up. So I just wanted you to touch on these loans maybe talk about what's going on with these --

MS. KELLY: Yes, sir.

GOVERNOR HOGAN: -- local fire departments.

MS. KELLY: There 365 volunteer fire companies in the State of Maryland. And they have to sell a whole lot of spaghetti dinners to go and buy equipment. There is a State loan process that they can get a one percent loan.

They have to match a certain portion of it. They have to make sure that their local jurisdictions can invest. But we are lucky enough to have over \$20 million to offer so they can buy equipment so they can keep our citizens safe and provide fire service.

GOVERNOR HOGAN: Great. Well thank you very much.

MS. KELLY: Sure.

GOVERNOR HOGAN: I appreciate it. Finally, I just want to draw attention to Item 17. Is Dr. Lever here?

SECRETARY MCDONALD: He is. Dr. Lever?

GOVERNOR HOGAN: He's hiding in the back? Good morning.

DR. LEVER: Good morning, Governor.

GOVERNOR HOGAN: So today we're approving the second part of our funding commitment to the public school system in the amount of \$130 million, and this supplements the \$290 million in education funding from the State towards next year for school construction. Quite simply, all this education funding reflects what a top priority it is for our administration. You know, we're fully funding education. We've increased operational expenses by \$109 million, we've added \$290 million. It's our commitment to maintaining an educational system that is, is second to none. And is there anything that you'd like to add about this particular \$130 million we're putting into school construction today?

DR. LEVER: Well we are extremely appreciative of having new bond authorization in the amount of \$280 million. That allows us to keep a good number of projects underway that have already started and to start new projects.

The capital improvement program breaks down into roughly 26 to 29 percent of all the projects for what we call systemic renovations. These are life cycle replacement projects that are very, generally typically very fast to implement and extend the useful life of a building considerably. They improve the indoor air environment, the learning environment quite a bit. And so that's a very important component.

The rest is for major projects that generally have an impact both on the viability of a building but also on the educational program. In some cases the projects are very large projects in small jurisdictions may affect a very large percentage of all the students in the jurisdiction.

One of the factors that we do see now is construction cost escalation. And we're very concerned about this. There's a number of factors that are coming together, what some of the facility planners tell us is a perfect storm. During a recovering economy the affects from the recession, which are leading to increased costs, the regulatory environment in Maryland, and the affects of prevailing wage. And that combination is leading to what we think are going to be construction cost escalations well in excess of eight percent, possibly

even up into the teens in the next year. We are going to have to take account of that as we begin to look at the next year's CIP and what we're able to actually fund.

GOVERNOR HOGAN: Do you have an estimate as to how much of that is prevailing wage?

DR. LEVER: We did a study with bids that, bids side by side, without prevailing wage and with prevailing wage, in 2011 and 2012, 159 separate bids. The average increase was 10.65 percent for those bids. What, we believe that that factor is still in play. Those are the reports that we get back from the LEAs. The other factor that goes with that, though, is labor requirements that apply to prevailing wage jobs. That meaning that not only are you paying more for the individual worker, but you also have to engage more high paid workers. It has to do with the ratio between journeymen and apprentices on prevailing wage projects. And we're understanding, we don't have figures so we can't pull that figure out separately from other factors that are affecting the cost, but we have, we believe that that is having a major impact. We've had three recent bids in Calvert County, Frederick County, and Anne Arundel County where the impacts have been extremely large. In Frederick County mechanical came in one-third over the estimate. Now that's a combination of factors. Part of it is the impacts in the mechanical industry, production of equipment, sheet metal costs, the

decrease of the labor force is a major impact. We're seeing those kinds of impacts, not as dramatic, but we are seeing high impacts in other trades as well. Site work, for instance, is, has increased from, a decade ago it was about 12 percent of the total cost of a project, now it's 19, 20, 21 percent. Probably because of regulation, probably because of the effects of the economy.

GOVERNOR HOGAN: Well, we're working on those regulations. I can assure you. But I want to thank you. I appreciate it. Any other questions from my colleagues on what Dr. Lever or any other, any issues on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Madam Treasurer?

GOVERNOR HOGAN: Madam Treasurer?

COMPTROLLER FRANCHOT: Good. I do have a couple of questions, if I could. Thank you, Dr. Lever. And the Governor is right, that this action today will bring the school construction program for fiscal year 2016 to \$318.1 million. And I want to thank you, Dr. Lever, your exceptional Deputy also Ms. Joan Schaefer, and the entire IAC staff for their highly effective stewardship of this program. We rely heavily on you personally for keeping a vigilant eye on this program and for working with all the school systems in the 24 jurisdictions to ensure that taxpayer money is being invested wisely and transparently.

Governor, I'm mindful of the size of today's Agenda and we've covered a wide range of issues already in a previous Board meeting on school construction when we heard appeals back in January. But I do have a couple of questions for Dr. Lever. Number one, do you have a time table for the completion of the updated public school maintenance report? And if so, will this Board have it in time for next year's school construction requests? I would really like to have it as a point of reference when considering whether to approve requests from systems all over the State for new schools, replacement schools, and renovations.

DR. LEVER: Yes, the timeline is that the FY 2013 reports will be submitted in September. The FY 2014 reports will be submitted in November. We are now at 33 percent of completion or finalization of the 2013 reports and we're at 26 percent on the FY 2014 reports. With the new staff person who joined us about two or three months ago, thank you very much, Governor Hogan, for lending support to that, that person is highly experienced and is gaining knowledge fast about this process. And we see him making contributions to getting this task done as well as the other tasks that we have, finishing the FY '15 surveys and moving into the FY '16 surveys.

COMPTROLLER FRANCHOT: Great. And I think that the new Board of Public Works made it pretty clear I thought in January to everyone that we will be taking a close look at the school systems' track record on school

maintenance when it comes to evaluating their funding requests next year. And based on the response I received from visiting schools around the State over the past couple of months, I think everybody there at the local level has gotten the message. And in fact most of the administrators, principals, and teachers that I spoke with are very happy that the BPW is renewing our commitment to better school maintenance. There was a lot of support in the rank and file for, thank you for bringing that issue up.

But my question is has this message been conveyed to the members of the IAC themselves? And if so, how? I know that Secretary Bassette is an ex officio member of the committee, as is Dr. Lowery, and Planning Secretary David Craig. I guess I just want some assurance that this body, which is so crucial, has, quote, gotten the memo, end quote, that the conversation has changed. And that before this Board commits to handing over millions of dollars for new and replacement schools we'll want to see that those systems can take good care of what they already have.

DR. LEVER: Yes. Well we provide the information to the IAC. And a great deal of the discussion has focused on maintenance in Baltimore City and a report that I developed last November which addresses project delivery that includes a component on maintenance. And that is, we have put a lot of effort

into that. But that's helped us then to understand maintenance practices in other jurisdictions around the State.

What we're doing is actually trying to get, to draw best practices together. And our new individual actually is taking a lead in this. We've been out to visit some jurisdictions. We were out just a few weeks ago to Frederick County and spent an entire morning with Frederick County talking about maintenance by itself. Meeting with their maintenance people, understanding how they are structured. And these lessons I think, if we can consolidate them, are going to become an extremely useful manual in fact for the school systems. This is something that we're going to keep the IAC up to date on as we move through this process.

COMPTROLLER FRANCHOT: Okay. Well I won't go in right now, and actually for another item on this Agenda, but I'm not going to go into the details about Dulaney High School in Baltimore County, one of the most affluent counties in the State of Maryland. And I understand you share, I think you share my concerns about the unsafe and unhealthy working conditions within that school. They are certainly well documented. I just want to confirm from you that for the record should Baltimore County request planning approval to renovate Dulaney High School in its fiscal year 2017 request that there are no procedural barriers that would prevent them from doing so?

DR. LEVER: There are no procedural barriers. The decision has to be made by the school board working with the county government. Dulaney is the seventh oldest high school in the jurisdiction. There are six other high schools that are older than Dulaney. They, we have done maintenance inspections of all of those. In the maintenance inspections for those six received in the most recent inspections rankings of adequate, which is the same as Dulaney's. Dulaney's point score is lower, actually, than the others. So that would imply that the maintenance is not as good as at the other four older schools.

You are aware, I'm sure, that the County Executive has made \$80 million available for high school improvement and I've had discussions, at this point the most recent one was two days ago, with the facility planner to try and understand how that money is being used. And they are in discussions with the county government at this point. So the specifics have not been worked out. But --

COMPTROLLER FRANCHOT: Okay. Well, I'll, that's fine. I, they, just convey my suggestion that if they are in the same category as Dulaney High School there ought to be a new category created for completely and utterly inadequate. Because -- well I'll get into that in a minute. But could you just ask, help me with North Dorchester High School in Dorchester County? That school was built in 1954. It has undergone two renovations as well as several smaller

additions and improvements but is now functionally obsolete, a rapidly deteriorating situation. I'm scheduled to tour the school in a few weeks but I'd like to get a sense of the conditions within the facility. I understand the building has experienced considerable leakage. There are concerns over air quality and the effect it could have on the safety within the building. Dr. Lever, what is the timetable to your knowledge for construction of a new Dorchester High School?

DR. LEVER: We expect to receive a funding request in the FY '17 CIP this fall. Planning was approved last year. It's a school that I have visited several times. It's reasonably well maintained, but it has a terrible layout. It has one of the worst layouts for the delivery of a high school educational program of any school that I know of in the State. It's a horseshoe, basically, one long corridor that wraps around on itself. It makes an extremely inefficient program delivery situation. Students are actually cutting across the courtyard in January and February to get from one classroom to another, or they are racing along the corridor. It sure keeps them in good shape, but they are racing along the corridor to make their next class, can't be supervised.

TREASURER KOPP: Don't run in the hallways.

DR. LEVER: Well, that's right.

(Laughter.)

DR. LEVER: Especially with scissors. Right. But the concern there, they are putting a great deal of creativity into that project. We expect to see the request. My concern, as I stated earlier, about cost construction escalation could apply to projects like that, especially because there is no, not a great deal of local resource to be able to handle cost overreaches. That's the difficulty that we foresee with that project.

COMPTROLLER FRANCHOT: Okay.

DR. LEVER: We're giving them all the encouragement and all the help that we can.

COMPTROLLER FRANCHOT: Thank you, Governor. I have a couple of questions on Item 16, but --

GOVERNOR HOGAN: Any other questions for Dr. Lever?

TREASURER KOPP: Not, no.

GOVERNOR HOGAN: Thank you, doctor.

SECRETARY MCDONALD: Item 16 is Dr. Lever.

GOVERNOR HOGAN: Oh.

COMPTROLLER FRANCHOT: Dr. Lever also.

GOVERNOR HOGAN: Okay.

COMPTROLLER FRANCHOT: Sorry. This is --

SECRETARY MCDONALD: It's the Aging School Program, Item 16.

COMPTROLLER FRANCHOT: -- important, important stuff.

DR. LEVER: Sure.

COMPTROLLER FRANCHOT: Okay. So Dr. Lever, this Board is being asked to approve a total expenditure of \$7.1 million under the State's Aging Schools Program with this Item number 16. And apparently that's going to be divided up among Maryland's 24 jurisdictions based upon an established formula. As the title of the program would suggest these dollars are to be used by the counties and Baltimore City for, I quote, capital improvements, repairs, maintenance, and deferred maintenance of existing school buildings. A timely and important investment of public dollars given the sheer number of public school buildings across the State that are in truly unacceptable condition, and the number of students and teachers that are forced to work in facilities that are unsafe, unhealthy, and frankly embarrassing.

It's no secret that this Board expects our public school systems to rededicate themselves to long term cost savings, healthier workplace conditions, and improved academic outcomes by better maintaining its existing facilities. And it was in that spirit that the Governor authorized, Dr. Lever, I don't like to put words in your mouth, Governor, but it was certainly what I thought, we

authorized Dr. Lever to invest in a staff position that would enable the IAC to complete a long, long overdue public school maintenance survey, one which is based upon actual evaluations of public school buildings across the State.

That said, I was stunned to learn that this \$7.1 million pot of money includes nearly \$1 million in aging schools money that was left unspent for four years by the school systems that received them. Let me pause for a moment. At a time when far too many schools in every corner of our State are in unacceptable condition, and when our education officials are usually all too quick to blame these conditions on inadequate resources from the State of Maryland. That's what I hear over and over when I say what's the problem here with the decrepit condition of this school? Local officials say you're the problem, Mr. Comptroller.

Okay, so here we have a little situation here where a million, when our education, so here we have a million dollars somehow earmarked specifically for building maintenance, repairs, and improvements goes unused by these very same jurisdictions. So I can't, I know you can't speak for the LEAs. And but how does this happen? That this money is not spent?

DR. LEVER: In a word, it's our process. \$540,000 of that, of the \$997,000 that you're speaking about, is attributable to two jurisdictions. Both of the jurisdictions the funds are in FY 2013, they were approved in FY 2013. The

due date for the submission of the request for reimbursement was December of 2013. In both cases extensions were requested for technical reasons so for one of those jurisdictions, for Baltimore County, the projects were not approved for full reimbursement until July, 2014. That was after the Board of Public Works met. And as a result, because of our process, we roll this over and it's included in today's request for approval. We do not have a rolling application process for funds from a prior year that are made available, generally because they are very small amounts. The other was in Prince George's County and those projects were only cleared for reimbursement in February of 2015, just three months ago. So that's why you see it on the Agenda for today.

Eighty-three percent of the total amount, the \$977,000, is attributable to projects where the allocation exceeded the actual cost. So in fact they were able to bid under the allocation and money was available and then that money gets rolled forward. Typically these are very small amounts. In Prince George's County, \$409,000, but it's for 64 projects. So each project the average difference there between the cost of the project and the allocation was \$6,400. It's the accumulation of the large number of projects that leads to that large number.

COMPTROLLER FRANCHOT: Okay. Well --

TREASURER KOPP: Comptroller, I said I didn't have anything.
But could I just jump in for a second?

COMPTROLLER FRANCHOT: Sure.

TREASURER KOPP: And say that I think the chart, which is all
that we and the public have to see --

DR. LEVER: Yes.

TREASURER KOPP: -- is quite in that case misleading and ought
to be presented in a way that tells the whole story. Because it looks as though
these jurisdictions are just sitting on money, and have been, 2012 to 2015, 2015
we're only not quite halfway through anyhow.

DR. LEVER: Right.

TREASURER KOPP: And I think it just leads, I had exactly the
same reaction as the Comptroller when I read this. And, and I don't think it's
helpful. Sorry --

DR. LEVER: We can provide that --

COMPTROLLER FRANCHOT: Thank you, Madam Treasurer.

DR. LEVER: Sure.

COMPTROLLER FRANCHOT: Actually to be fair, Dr. Lever,
nine of our 24 jurisdictions reinvested every dime of the money that was allocated
under their aging schools program, while several others left de minimis amounts

of money on the table. Anne Arundel, for example, left \$634 unspent. Just enough for a couple of service calls on those portable air conditioning units that are still working efficiently and affordably ten years after they were installed. Washington County left \$180 unspent. So I don't have any complaint with them.

But according to my background materials Allegany County left \$97,000 unspent, \$97,791 unspent during this period of time which matches the amount that they are slated to receive in fiscal year 2016. Prince George's County and Baltimore City left \$409,000 and \$101,000, respectfully, on the table when far too many of their facilities were in severely degraded condition. And then there's Baltimore County. Which left \$129,000 unspent, even as Dulaney High School was being allowed to go to seed through sheer inexcusable mismanagement of public resources.

Governor, I know that your staff is working with a coalition of concerned Dulaney High School parents to get you out there for a visit and I really hope that you can find time, and Madam Treasurer also, to make that happen. Because the conditions that have been allowed to perpetuate in that fine school, fabulous students, fabulous high achieving performing kids and their faculty, the conditions at that fine school are nothing short of shameful. No air conditioning. Flooded auditoriums. Burst water pipes that spew water so brown

it resembles iced tea. Termites crawling over laboratory goggles and other student equipment.

It makes my blood boil to hear apologists for these conditions blithely say that it's just a matter of resources, Baltimore County doesn't have enough money. When in fact the education bureaucrats sitting in Towson are either unable or unwilling to invest the dollars that have been allotted specifically for that purpose. It is not a lack of investment. I say all over the State we have a problem with a lack of management. And it has put the teachers, students, and staff at places like Dulaney High School in harm's way.

So with due apologies, Governor, for throwing a wrench into an item that might usually receive pro forma approval, I'd like to ask the questions of, given that the new fiscal year will commence in less than two months how do our local school systems intend the use the \$7.1 million we're voting on today? I'd like some assurance, I guess, on the record that this money will actually be reinvested in our aging and deteriorating public school classrooms and not misused for other unintended purposes. Can you help me with how the money is going to be spent?

DR. LEVER: Well we have a very careful application process. Each application is scrutinized for eligibility. The application period for ASP has already begun, it will begin as soon as we notify them of the approval today, and

it runs through April 15th. Some jurisdictions will probably have their applications in almost immediately. Montgomery County tends to submit almost immediately. They already have their projects identified. Other jurisdictions that have more limited staff resources have to put together the applications. They are going to wait to hear.

COMPTROLLER FRANCHOT: Okay.

DR. LEVER: The projects tend to be very good projects. They tend to be small. They tend to address maintenance types of items that are too large for the local operating budget but too small for the capital improvement program.

COMPTROLLER FRANCHOT: Okay. Specific to Baltimore County, how much of its \$1,003,541 allocation in fiscal year 2016 will be used for immediate improvements to working conditions at Dulaney High School? And what specific improvements will be undertaken there?

DR. LEVER: Sir, we haven't received the applications. I can't answer that question.

COMPTROLLER FRANCHOT: Okay. Governor, and I'm not sure, Ms. McDonald, whether you can answer this question, but I would certainly like to postpone this item for two weeks in order to give Baltimore County and the other jurisdictions a chance to provide us with the information of how the

money specifically is going to be spent. And I don't need to see them, obviously. I think a letter would suffice. But, and I don't need to know decisions. But I would certainly like to know some intent of, you know, what they're going to do with this money. And I think we owe it to the taxpayers and the teachers and the students, and staff, and volunteers who work in these distressed facilities to get a better handle on how the money is being spent before we simply fork it over. Do you have, see any problem with delaying this for two weeks?

DR. LEVER: The only problem is that for some jurisdictions they may not have put together their list yet. And they might be --

COMPTROLLER FRANCHOT: Well --

DR. LEVER: -- they need to go to their local board, too. They have to have the internal process of prioritizing and identifying, go to their local board, and then bring it to us to be reviewed. They might submit --

COMPTROLLER FRANCHOT: Well I don't, I'm not suggesting everything has to be tied up with a bow. And they can certainly communicate their intent subject to the approval process at the local level. But I, I would ask if there's any bad things that are going to happen if for, we give them two weeks to communicate with you or the Board. And you know, I don't want to hold up anything to do with education because obviously that's a huge priority. But I'm

talking about unacceptable, inadequate situations that exist right now and I, I really want to see what the plans are.

DR. LEVER: My other concern --

COMPTROLLER FRANCHOT: What the intent is.

DR. LEVER: If I could just express my other concern? For jurisdictions that plan to use this money to implement projects this coming summer and were ready to submit and get through the application process, get it out into the street, and bid, two weeks could be a very critical factor. In our world two weeks is, can have an enormous impact in terms of getting a project bid, getting anyone's students to leave the school. If let's say it's a roof replacement it has to be done when the school is not occupied. Your window to work is extremely tight. It's about six or seven weeks at most during the summertime. So that could have an impact.

COMPTROLLER FRANCHOT: Well, I, I understand that. But this is --

TREASURER KOPP: The next meeting, by the way, is in three weeks.

COMPTROLLER FRANCHOT: When is the next meeting?

SECRETARY MCDONALD: June 3rd.

COMPTROLLER FRANCHOT: Uh-huh.

SECRETARY MCDONALD: Well that, I mean, it is three weeks.

DR. LEVER: Three weeks? Well.

COMPTROLLER FRANCHOT: Well maybe we can give them a week and give them a provisional approval, how is that? I want to see something in writing from these jurisdictions that indicate what their intent is about these facilities. And I don't want to penalize the counties that have their act together. But I also don't want to single out those that don't. I want to see it in writing somewhere.

GOVERNOR HOGAN: Madam Treasurer?

TREASURER KOPP: Could I just ask a question? Two things. I, just having gone through this often enough and hearing from you often enough, am concerned about the impact of a delay on those that are ready to go. But this allocation is the formula allocation, is it not?

DR. LEVER: The \$6.109 million is. That's by formula.

TREASURER KOPP: Yes.

DR. LEVER: The reverted funds, \$997,000, that stays with each jurisdiction.

TREASURER KOPP: So these are the funds that would be allocated to these jurisdictions under the law. The question is whether they would have the authority, those who are ready, who have got everything in place to go

forward with the bids? And the answer is no, they wouldn't until it's, this is, allocation is recognized by the Board of Public Works?

DR. LEVER: And even then, a small jurisdiction, this is summertime. They are getting their schools ready for fall opening. You know, they are extremely stretched in terms of staff. So they are going to have to put together their application and it takes a lot of work.

TREASURER KOPP: So. But on the other hand the Comptroller wants to know that his concerns that, that the process is working and that they have their plans in order, obviously, before they spend any of the money that is legally allocated. Right?

DR. LEVER: Yes. But, and it will vary. As I said, Montgomery County tends to submit right away. They clearly have their plans in order. They know what projects they are going to submit. Other jurisdictions need more time. Or have typically taken more time within this extended application period that runs till the mid, middle of April of next year. So it is a bit of a dilemma, because it would force a process at the local level which they are not ready to take on yet. And we wouldn't want to see them simply grabbing a project and putting it in without having gone through the thoughtful process of local discussion, working with their board, working with local stakeholders, to prioritize their projects. This program has an enormous impact at the local level.

TREASURER KOPP: Right. And I understand that.

DR. LEVER: It's a highly prized program. So that would be the difficulty, I think.

TREASURER KOPP: No, I think --

COMPTROLLER FRANCHOT: Well I return to my --

TREASURER KOPP: -- thank you.

COMPTROLLER FRANCHOT: -- I think, Madam Treasurer, the, I'm happy to approve this on the condition that the money not be allocated until there is a specific written letter of intent. I don't need all of the processes to be carried through. These are decisions generally made by the school board and by the superintendent and by the county executive. But I, before you allocate the dollars I would like to see something in writing. And I think that's perfectly appropriate.

DR. LEVER: Could I suggest then that when the applications come in we ask for a cover letter that states the general intent, will have the specific projects, and then that would be a component of the application process which we could add this year. We normally don't require such an overview letter. But I take it that that's what you would like to see. And we can certainly share that with you when it comes in.

TREASURER KOPP: The term allocation that you, the allocation is in the law.

DR. LEVER: Yes.

TREASURER KOPP: Right. So it's not a question of allocating. It's a question of whether they actually can go ahead and spend money without the Comptroller knowing what they are, that they have their plans for specific expenditure. Is that, the allocation is there in the law. This is a recognition of what's in the law.

DR. LEVER: Yes. I think the authority of the Board of Public Works in this matter extends to simply voting it up or voting it down, the entire package. But the law defines the amounts that each jurisdiction will receive.

COMPTROLLER FRANCHOT: Right. I understand that. And I sympathize with the counties that are doing the right thing. But that's, I'm happy to defer it for a week until you get something in writing from these counties. And if that's kind of an awkward situation in that it puts a bit of pressure on folks, I take it they are all willing, they are willing to move forward very quickly with communicating in writing to you what they would send, spend it on. And I'm just saying my vote is provisional and on you receiving that before the money is approved. So, yeah, no, I want to hold someone's feet to the fire. And I think it's entirely appropriate. It's a de minimis, really, amount of money compared to

what we spend on education. But it's a very important principal that we're trying to articulate here. And unless there is some accountability nobody pays attention to it.

DR. LEVER: Could we provide you with a summary of the types of projects that have been approved, and for each of the jurisdictions, to show you where, how the money has been distributed in recent years? We have that information.

COMPTROLLER FRANCHOT: I want a new letter.

DR. LEVER: Okay.

COMPTROLLER FRANCHOT: That's my concern. Maybe my colleagues don't want to --

DR. LEVER: We will get the letter.

COMPTROLLER FRANCHOT: -- go along. I hope they would because I think it's important. And I think requiring that those counties that are ready to move forward and don't want to be held up at all, obviously they have something they can deliver to you in a week. So I'm happy to vote for this provided that no county gets its allocation until they, you have a letter from them indicating what they are going to spend the money on. Generally, not specifically.

GOVERNOR HOGAN: So is there a motion?

COMPTROLLER FRANCHOT: I would make that motion.

GOVERNOR HOGAN: The motion is to approve --

COMPTROLLER FRANCHOT: The --

GOVERNOR HOGAN: -- with the condition of a letter being provided to the Board. Is that correct?

COMPTROLLER FRANCHOT: To the Board, Madam Secretary, whatever --

GOVERNOR HOGAN: To Secretary McDonald?

SECRETARY MCDONALD: A letter from whom to say what?

TREASURER KOPP: To say what?

COMPTROLLER FRANCHOT: From the local jurisdiction to the Board indicating how the money is going to be spent.

SECRETARY MCDONALD: So we need one from each of the 44, okay, 24.

GOVERNOR HOGAN: Is there a second?

(No response.)

GOVERNOR HOGAN: Hearing none, the motion fails. Any other questions of Dr. Lever? Any other questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Yeah, I have Item 19.

SECRETARY MCDONALD: Item 19 is Dr. Lever. This is the Qualified Zone Academy Bonds, another program he has, colloquially known as the QZAB Program, Q-Z-A-B. This is again the FY '16 program.

COMPTROLLER FRANCHOT: So thank you, Dr. Lever, again. We're being asked with this item to approval \$5.5 million in funding for fiscal year 2016 through the State's Qualified Zone Academy Bond Program, which is used for maintenance, repairs, and other improvements to public school facilities across the State. Dr. Lever, could you spend a moment discussing the process by which school systems compete for QZAB allocations? And how and if this program fits in with the annual CIP and the Aging Schools Program?

DR. LEVER: The qualifying condition on a school is it has to have 35 percent minimum free and reduced price meal population. All jurisdictions today in Maryland do have at least one school that qualifies. A few years ago Calvert County didn't have any schools that qualified. Now it does. So all school systems in Maryland are technically eligible.

When we announce the amount of funding that we think will be approved by the General Assembly, when the bill is moving forward and we have a high level of assurance that it will actually be enacted, we ask the school systems to submit their likely projects. And then we look at that. We received \$12.7 million in applications. We went through. We looked at the eligibility of

the individual projects. We then made an allocation based on need and the individual project. In some cases we couldn't provide the full amount of the project, of what they were asking for the project, provide enough to get the project started, to get planning and design underway so they have the assurance, they'll come in the next year or the year after and ask for the rest.

We received responses from the jurisdictions that you see here. A number of jurisdictions didn't apply. That has, has become typical in the last decade, that a number of jurisdictions will not apply for a number of reasons. In some cases they have done everything they can do in the eligible schools and there is simply nothing left to do. We have heard that from Montgomery County, for instance. Which does have, I, yes it does have applications this year. But in the past we did hear that they simply didn't, couldn't go back to those schools and do anything else because it was a limited number of schools. In other cases we've heard that the ten percent private entity contribution requirement that the federal government ties to this funding is so difficult to carry out and so staff intensive that jurisdictions that in the past might have been interested and even did participate have decided not to participate because they simply don't have the staff to assign to this program. That has become a major, it is a major problem. There is also donor fatigue, we find. That the ten percent contribution, particularly if it's for one school that constantly is receiving the eligibility and

could apply for funds, they have exhausted the pool of donors from the corporations, the local businesses. They go to the PTA. The PTA can contribute. It's an in kind contribution. The PTA might have other priorities. They are moving on, new people come in, they are not interested in this particular program anymore. They have difficulties getting the contribution.

COMPTROLLER FRANCHOT: Okay. But you said there are specific projects from specific jurisdictions?

DR. LEVER: We do have a list of those. And there's some flexibility in terms of, we, we would, once this is approved we will now open it up to the LEAs to start sending in the specific project information, which includes the ten percent private entity documentation. There can be some modifications in terms of the amount that they might have requested for a project. An example is Baltimore City, which submitted initially two projects. At the very last minute they submitted a third project, which is an eligible project. We had already structured our allocation for those two projects. We're perfectly amenable to looking at the three projects and structuring it so that each of those projects gets some funding. We'll have discussion with them to see what they would like to do.

COMPTROLLER FRANCHOT: Could I have a copy of the list?

DR. LEVER: The projects? I'm sorry?

COMPTROLLER FRANCHOT: Yes.

DR. LEVER: Yes. Oh, absolutely.

COMPTROLLER FRANCHOT: Thank you. If you could provide that to my colleagues also if they are interested?

DR. LEVER: Sure. Mm-hmm.

COMPTROLLER FRANCHOT: According to my background materials the allotment of \$5.5 million includes \$4.6 million from bond bills and another roughly \$900,000 from something called a contingency balance, unquote. What is the source of that contingency balance?

DR. LEVER: I have with me today Kim Spivey, program manager, if I could ask her to come up here? And I'll ask her.

MS. SPIVEY: It's from prior year authorizations. We're recycling the funds.

DR. LEVER: It's recycling authorizations from prior years. And these would be for projects that were bid below the allocations?

MS. SPIVEY: Correct. Yes.

DR. LEVER: For projects that bid below the allocation. So it's money that was basically there on bid date and can now be used for other projects.

COMPTROLLER FRANCHOT: Okay. And what exactly is the fundamental mission of this QZAB initiative?

DR. LEVER: It's very similar to the ASP initiative, at least as the State of Maryland has formulated it. The same types of projects that are eligible in the Aging Schools Program are eligible in the QZAB program. The federal government's intention with the ten percent private entity contribution was to get the business community essentially involved in working on a public sector task.

COMPTROLLER FRANCHOT: Okay.

DR. LEVER: And that has worked to some extent. But then we also find that issue of donor fatigue. And this has been an effective program. But as you can see there are some inhibitions that jurisdictions that clearly have need do have reservations about applying for the funds simply because of their own staffing constraints.

COMPTROLLER FRANCHOT: Okay. And for those that receive funds, what are the benchmarks that we're using to determine if it actually is successful?

DR. LEVER: The project has to be completed within a certain time frame. What's the date we use for the reimbursement?

MS. SPIVEY: Oh, for, it's two years, within two years. They have --

SECRETARY MCDONALD: If you could speak into the microphone or have David --

DR. LEVER: I'll pass it up. Okay. Kim, you're on deck.

MS. SPIVEY: Okay. They have two years from the time that the project is approved to get it complete and expended.

COMPTROLLER FRANCHOT: Do you go back and visit these schools and document a marked improvement in the aesthetic, safety, functionality of the schools that receive these dollars as well as a longer life span as a result of our ability to invest in the maintenance and upkeep? Is there any follow up reviewed by you?

MS. SPIVEY: Not individually by me. But our agency has the maintenance inspectors.

DR. LEVER: It's only if the maintenance inspectors happen to have that school on their list, they may note the project. But we are not staffed to do construction administration nor to actually pursue the projects after they are built. If we happen to be out there for a dedication ceremony, if we happen to be out there because we're visiting a school, you know, we'll certainly on the school tour take note of these improvements. But we cannot deliberately go out and review the projects.

COMPTROLLER FRANCHOT: Okay. Thank you, Dr. Lever.

DR. LEVER: You're welcome.

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

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing.

SECRETARY MCDONALD: Thank you.

GOVERNOR HOGAN: Thank you. Now we're going to move on to the DNR Real Property Agenda.

MS. WILSON: Good morning, Governor --

GOVERNOR HOGAN: Good morning, Emily.

MS. WILSON: -- Madam Treasurer, Mr. Comptroller, Emily Wilson with the Maryland Department of Natural Resources. We have 15 items on our Agenda today. I'll be happy to try to answer any questions. And if I may, I'd like to also take just a quick moment, please, to express my thanks and gratitude to Jerry. I know we've bestowed quite a few accolades on him already and he's gone. But I would be remiss if I did not thank him for his guidance and support over the years.

GOVERNOR HOGAN: Thank you. Any questions on the DNR Agenda? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing.

MS. WILSON: Thank you.

GOVERNOR HOGAN: Now the DBM Agenda. Glad you could make it, Mr. Secretary.

MR. BRINKLEY: Thank you, Governor.

GOVERNOR HOGAN: I understand you had a little traffic jam?

MR. BRINKLEY: I am, too. It only took a few hours. I'm glad we made it. Governor, Madam Treasurer, Mr. Comptroller, DBM has submitted 15 items on today's Agenda and we have representatives here to answer any questions you might have.

GOVERNOR HOGAN: Any questions on the DBM Agenda?

COMPTROLLER FRANCHOT: Item 3.

MR. BRINKLEY: Item 3? Randy Bradford and Deputy Secretary Gayle Jordan-Randolph.

GOVERNOR HOGAN: Good morning.

MR. BRADFORD: Good morning, Governor. Good morning, Comptroller, and Madam Treasurer.

TREASURER KOPP: Good morning.

MR. BRADFORD: Item 3-S is an item that was withdrawn about a month and a half ago and we are back this morning with some changes. There has been some consultation between the Department of Budget and Management and the Department of Health and Mental Hygiene, as you had requested.

This is for LocumTenens services. Now, the original submission was for two years. We have scaled it down to one year. The department has worked and come up with what we feel is a strategy to help eliminate in the future, hopefully reduce the future need for that service as you had requested.

COMPTROLLER FRANCHOT: Is Secretary Mitchell here?

MR. BRADFORD: I have not seen Secretary Mitchell.

COMPTROLLER FRANCHOT: Okay. So I --

SECRETARY MCDONALD: Deputy Secretary Geppi is here from the whole department.

GOVERNOR HOGAN: His deputy is here.

COMPTROLLER FRANCHOT: Oh, good. Great.

SECRETARY MCDONALD: Deputy Secretary for Operations.

COMPTROLLER FRANCHOT: So we're -- thanks, welcome, Mr. Deputy Secretary. We're asked to approve one-year sole source \$2.4 million contract with a Georgia based company called LocumTenens, it takes me back to my Latin days, .com, to provide full psychiatric services to patients at the Eastern

Shore Hospital Center in Cambridge. This item was initially brought before the Board back in March as a two-year contract renewal and Governor Hogan quite correctly sent it back to the department along with instructions to figure out a way to recruit well trained, highly qualified psychiatrists for in house positions at ESHC. This contract, as I understand it, is simply a stop gap while DHMH and DBM can work through the issues such as competitive compensation that has made it difficult to attract quality personnel in the past. And Deputy Secretary, now that you've had about two months to review the issue, what is your sense? Are we going to be able to bring in some quality in house staff? Or are we just going to be right back here next year awarding this Georgia outfit another contract?

MR. GEPPI: Well Mr. Comptroller, I can tell you I spent a good bit of time looking into this issue. The fact of the matter is, it's broken. We recognize that, that this system is broken. We've tried and tried again to recruit unsuccessfully. The market is telling us something, I think we need to listen to it. And I can tell you that Secretary Brinkley and Secretary Mitchell have committed to fixing this once and for all.

TREASURER KOPP: Could I just ask --

MR. GEPPI: It's going to mean doing some things systematically but --

TREASURER KOPP: Mr. Secretary, this meaning not just the Eastern Shore Hospital but, I mean, my understanding, this is my question, my understanding is this is endemic to this profession.

MR. GEPPI: It is endemic, and it's particularly endemic in certain geographic areas, particularly in our State Western Maryland and the Eastern Shore. Western Maryland has been able to do some things to, to recruit. Eastern Shore has its own challenges. Frankly the federal government recognizes that we have challenges in certain geographic areas and they allow for certain school loan repayments by geographic areas. So it's my understanding that the issues have been, with our DBM partners in the past, before this administration, have tried to fix this and you've come into problems with changing the entire personnel system. Well I'd say in this case, you know, we're probably spending on this contract alone about half a million dollars a year too much. That's a problem. We need to actually fix it and we're committed to fixing it, even if it means getting in deeper and looking at the whole personnel system.

MR. BRINKLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes, sure, Mr. Secretary?

MR. BRINKLEY: We've come up with a potential strategy that we feel doesn't adversely affect other areas of the State and the employment structure that we have. It's a combination of, of signing bonuses and perhaps a

retention bonus. Our expectation is that we would save 40 percent over the cost of these individuals by retaining them. And the Secretary and I sat down, and then in conjunction with the personnel people, came up with this solution. So our belief is by granting the one-year contract and since it's a convenience contract as we bring these individuals online, perhaps starting July 1 or it might take some time, then the contract can, can phase out. And as we don't utilize the contracted portions on it we think we're moving forward with it.

COMPTROLLER FRANCHOT: Excellent. But while we're on the topic of psychiatric care on the Eastern Shore, I'd like to raise another matter of long time concern to me. And that is the decision nearly six years ago to close the Upper Shore Community Mental Health Center in Chestertown. That action by this Board remains the single darkest moment in my eight years, nine years on this Board.

For the benefit of Governor Hogan and others who weren't here at the time, the decision to close the Upper Shore hospital was presented to the Board of Public Works as a midyear budget reduction in the summer of 2009 for the stated purpose, and I want to emphasize the word stated, in quotation marks, of achieving \$1.7 million in current year budget savings at the time. The item was developed and presented to this Board in haste and those who presented the item to the Board either willfully or mistakenly misrepresented the issue by

saying that the vast majority of patients hailed from communities outside of the Eastern Shore and therefore could be transported to other facilities within the Baltimore-Washington corridor with minimal stress or inconvenience on their families. That just turned out to be flat wrong.

It was clear at the time that there was no real plan for seamlessly transitioning people at the hospital, the vast majority of whom were dual diagnosis patients, to other facilities. Rather the plan, which is a term used generously here, was to simply transport them to hospitals, which do not have the personnel or unique facilities needed to accommodate patients facing these types of challenges and are customarily set up to house patients for much shorter stays such as three to five days.

I believed then, as I do now, that the move was politically motivated given that the facility was located in a conservative area of the State where Republicans tend to get elected. Whether that is or is not the case the effect of all this was that more than 100 people lost their employment. According to people in the area that followed the situation carefully, patients ended up being deprived of quality care and ended up falling through the cracks.

The point of all this is that the needs of this community are every bit as salient now as they were then, if not more so. This was an exceptional facility that should never have been closed but was closed for no good reason and

with no transition plan in place. Apologies, Governor, for introducing such a big topic of conversation so abruptly. But I'd like to ask the Deputy Secretary to ask Secretary Mitchell whether any thought has been given to reopening the Upper Shore Center in Chestertown, and whether he would be amenable to taking a look at the long term feasibility and benefits of reopening the facility down the road provided that the resources could be made available to do so?

MR. GEPPI: I'm happy to do that.

COMPTROLLER FRANCHOT: Thank you.

MR. GEPPI: Thank you.

COMPTROLLER FRANCHOT: I look forward to your thoughts.

MR. GEPPI: We'll get back to you, sir.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: Thank you, Governor.

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

TREASURER KOPP: Favorable.

COMPTROLLER FRANCHOT: Second.

GOVERNOR HOGAN: DBM Agenda is passed, three-nothing.

We move on to the University System Agenda.

SECRETARY MCDONALD: Mr. Evans is here. And the jaws of I-97 released him, and he has spilled out into Annapolis, two and half hour trip from Baltimore City.

GOVERNOR HOGAN: Well, great. Good morning.

MR. EVANS: Good morning. Joe Evans, representing the University System of Maryland. We have ten items on the Agenda, including a hand carried item. I'd like to acknowledge that we have Dr. Burnim, the President of Bowie State University, in the audience. We're here to answer any questions you might have about our items.

GOVERNOR HOGAN: Well, great. I'd just like to take this opportunity to congratulate the University System. I know in several of our past meetings we beat them up pretty good. We were concerned about cost overruns and we still remain concerned about some issues. But I want to really take a moment to acknowledge the hard work that has been going on. Lieutenant Governor Rutherford has been working with the staff here at BPW along with the leadership at the University at multiple meetings, both here and at College Park, back and forth, and Adelphi. And I think we're making progress. And I want to congratulate you and Jim Salt and Joe Vivona for the efforts and for taking it seriously. And I think we all remain concerned about making sure that we're not wasting taxpayers' money and the University System, you know, better

communicates and better, you know, keeps a handle on cost overruns. But there have been great steps in the, in the couple of months that we've been working together. So thank you.

MR. EVANS: They have been very productive meetings.

GOVERNOR HOGAN: Yes. Thank you. Any, any questions of the University System?

COMPTROLLER FRANCHOT: Yes, sir. I've got a question.

GOVERNOR HOGAN: Now he's going to beat you up again.

(Laughter.)

COMPTROLLER FRANCHOT: Item 1.

GOVERNOR HOGAN: It's good cop, bad cop this morning.

COMPTROLLER FRANCHOT: Yeah.

MR. EVANS: Yes, sir?

COMPTROLLER FRANCHOT: So Item 1, we're being asked to approve a \$51.8 million contract for construction management services related to the next phases of the West Village housing project at Towson University. I'm going to support this contract, like I've supported the West Village housing project at every step along the way. And I met with the President and other officials up there and obviously Towson is a university on the way, a very steep trajectory going to greater excellence. I love Towson University.

But in so doing I have to ask a question about the USM system. How do you plan to address your student housing needs over the long haul? I ask because from the outside looking in it seems like there's no clearly defined strategy. In some cases such as this we're using University System revenue bonds to fund construction, which I would say is the traditional approach. In other cases however we've utilized a public-private approach in which the school turns over the land to a private developer who then assumes both the risk and realizes the profit of building, operating, maintaining, and leasing the facility from that point forward. I believe there's several of those at College Park. The benefits of that approach are pretty straightforward. It relieves the institution of the time and cost of managing these facilities, and based on how these deals are structured it can be done without counting against the system's debt ratios. Moving forward do you think that one approach will become prevalent over the other? Or do you think we'll continue to utilize both strategies on a case by case basis? And is there any analysis done as to which is the preferred route?

MR. EVANS: Let me bring up Mr. Salt and see if he can answer that question from the System.

MR. SALT: Good morning. Our preferred route is to defer risk where we can and not have to issue debt. But we've found over the last few years that the differential between interest rates we find in the marketplace and our

interest rates, the gap is still fairly wide. So public-private partnerships result in higher dorm rates for our students. But we have not ruled it out. We are looking annually at ways of responding to institutional housing needs. So we have not taken anything off the table.

COMPTROLLER FRANCHOT: So your argument is that it's more expensive to use the private sector?

MR. SALT: No, it's more, when we have done our public-private partnerships we have used tax exempt debt through MEDCO. And in prior years when we did that, did much of our student housing in public-private partnership, the difference between the interest rate that MEDCO would issue instead and ours was de minimis. So it, it did not result in an increase in the dorm rates.

COMPTROLLER FRANCHOT: I'm sorry, the dorm rates?

MR. SALT: Yes. Well, the students have to pay for the housing. And the cost of construction, the cost of the project increased what students paid to live in the housing.

COMPTROLLER FRANCHOT: Yeah. But don't, doesn't the private sector build these dormitories for a half to two-thirds the cost the University System does?

MR. SALT: No, I don't, I, I, what we put in front of you for, for construction represents what the market is telling us in terms of cost of construction.

COMPTROLLER FRANCHOT: Really? So Mr. Warren and others that communicate with me that he built the dorms on Route 1 for half the cost that it would have cost the State of Maryland, he's somehow misinformed?

MR. SALT: No, I have, I don't know the basis for that --

COMPTROLLER FRANCHOT: Well, he was the developer. He built the dorms.

MR. SALT: Yes, no, I'm just not sure what he bases that perception on.

COMPTROLLER FRANCHOT: Okay. Well maybe you could send me the analysis. Are there any public-private partnerships underway at the System right now for dormitories?

MR. SALT: No, not currently.

COMPTROLLER FRANCHOT: Well maybe you could get back to us, or me, as to your analysis. Because it doesn't really make sense to me that that, it certainly doesn't, it's not what the private sector says. So maybe there is some information you could put into your analysis that would help you in thinking about this.

MR. SALT: We'll be glad to do that.

GOVERNOR HOGAN: I'd like to maybe include this in the discussion at the next meeting with the Lieutenant Governor and the group, which you are more than welcome to join in on, and make sure that's one of the topics that we address.

COMPTROLLER FRANCHOT: Great.

MR. SALT: Thank you.

GOVERNOR HOGAN: Thank you. Any other questions? Is there a motion on the University System Agenda?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing. Let's move on to Information Technology, or the DoIT Agenda. Good morning, Mr. Secretary.

MR. GARCIA: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm David Garcia, Secretary of DoIT. Today we have 14 items on the Agenda and we are withdrawing Item 9-IT and 13-IT.

GOVERNOR HOGAN: Which ones?

MR. GARCIA: 9-IT, sir, and 13-IT.

GOVERNOR HOGAN: Okay. Any questions on the DoIT Agenda? Hearing no questions, is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Three-oh.

MR. GARCIA: Thank you, sir.

GOVERNOR HOGAN: You got off easy today, Mr. Secretary.

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: Let's move on to Department of Transportation. Mr. Ports?

MR. PORTS: Good morning, Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Deputy Secretary Jim Ports representing MDOT. MDOT is presenting 26 items today.

GOVERNOR HOGAN: Any questions on the MDOT Agenda? Hearing none, is there a motion?

TREASURER KOPP: Favorable.

GOVERNOR HOGAN: Three-oh. You got off easy. Department of General Services, Madam Secretary, good morning.

MS. BASSETTE: Good morning, Governor, good morning, Madam Treasurer and Mr. Comptroller. For the record, I'm Gail Bassette, Secretary of General Services. And the department has 65 items on our Agenda. We are withdrawing Item 3-M. We will be glad to answer any questions you may have at this time.

GOVERNOR HOGAN: Madam Secretary, I'd like to hear a little bit more about the important capital grant loans that we're doing, Item 45-CGL, etcetera.

MS. BASSETTE: Cathy? This is Cathy Ensor, Governor, if I may, as our Capital Grant Project Manager.

GOVERNOR HOGAN: Good morning.

MS. ENSOR: Good morning. Cathy Ensor, Department of General Services. 45-CGL?

GOVERNOR HOGAN: Cathy, we can't hear you too well. You might --

MS. ENSOR: 45-CGL?

GOVERNOR HOGAN: Yes. Uh-huh.

MS. BASSETTE: Yeah, 45-CGL.

MS. ENSOR: Is that --

MS. BASSETTE: St. Luke's House. The St. Luke's House and Threshold. 45-CGL. Could you take it to her, please?

MS. ENSOR: I've got it.

MS. BASSETTE: Okay.

MS. ENSOR: St. Luke's, okay.

GOVERNOR HOGAN: Yeah, I just wanted to hear a little bit more about these important capital grants programs and didn't have any questions but I wanted to hear a little bit about them.

MS. ENSOR: In general, the program?

GOVERNOR HOGAN: Yes.

MS. ENSOR: These are legislative initiatives selected by the Senate and the House, authorized bond bills for these grants. And they are awarded to local governments and nonprofit organizations across the State. The types of grantees are anything from helping the homeless, to the Aquarium, Maryland Zoo, it's anything.

SECRETARY MCDONALD: Cathy, I think you have a good example in Item 53. It's for the Little Sisters of the Poor and --

GOVERNOR HOGAN: Yeah, you just stole my thunder.

(Laughter.)

GOVERNOR HOGAN: Okay, well thank you very much, Cathy. I, I would have recognized the Little Sisters of the Poor, who are one of the grants that are here today. And I recognize some of the sisters. I, on a personal note let me just tell you that St. Martin's Home, I had my grandmother and two of my great-aunts that were taken care of by the Little Sisters. And I couldn't be more proud of the hard work that they do in the community, taking care of our elderly.

And we're just thrilled to be able to provide the grant for them. So thank you, Sisters, thank you very much for being here.

(Applause.)

GOVERNOR HOGAN: One of my favorite charities, and everybody ought to give some money to the Little Sisters.

(Laughter.)

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: Governor, if I could I think I gave the first year William Donald Schaefer Helping People Award to the Little Sisters of the Poor, because that was an institution that he had a deep connection and affection for. And congratulations on this.

I'll just comment, these are the famous earmarks that Congress used to get so upset about. These bond bills do more good than almost any other program in the State. Why? Because they are local. They tend to reward institutions that are utilizing the values and principles that we all talk about but sometimes don't actually implement in our own lives. So thank you, guys, for doing these. If anybody ever calls this a pork barrel project, will you please have them come and talk to me? Because this is the work of the Lord that you're doing in many of these institutions and --

GOVERNOR HOGAN: Well --

COMPTROLLER FRANCHOT: -- you know, I don't mean to send a message to Congress. But, you know, that place hasn't worked in a logical way since they removed these local grants. And thank God we have them still in Maryland. And I'll be happy to support them in a minute over the typical agency allocation because you guys get the job done and it doesn't cost us very much. Thank you.

GOVERNOR HOGAN: They do incredible work. Someone will criticize it as a conflict of interest, I guess, four family members that they took care of in that place.

(Laughter.)

GOVERNOR HOGAN: But I've been going to the home for 30-some years now. And my wife just volunteered and we personally contributed. And Sisters, I just want to thank you. It's incredible work that you do. So thank you very much.

(Applause.)

GOVERNOR HOGAN: Any other questions on the DGS Agenda?

TREASURER KOPP: Yes. Governor, since you mentioned first Item 45 and 47, could I just point out that they are St. Luke's Cornerstone, which happen to be in my backyard. And I have worked for a number of years, as

former Delegate Heller has also. And just to say all over the State, although I happen to know and remember what former Governor, Comptroller Schaefer was saying about your project. But all over the State there are folks like that that, whom we help a little and they help a great deal. And I just couldn't let this --

GOVERNOR HOGAN: A little bit of money goes a long way and helps a lot of people.

TREASURER KOPP: -- little bit goes a long way.

GOVERNOR HOGAN: Well thank you very much. Is there a motion on the Agenda?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: So moved. Now the DGS Agenda, that's it?

TREASURER KOPP: That's it.

GOVERNOR HOGAN: We're done?

(Laughter.)

GOVERNOR HOGAN: 156 items, \$735 million, and we're done early. So thank you very much. We want to thank Jerry Klasmeier, thank

Governor Ehrlich for coming, and thank my colleagues and all the staff for doing a great job. Thank you all, very much.

(Whereupon, at 10:50 a.m., the meeting was concluded.)