
STATE OF MARYLAND
BOARD OF PUBLIC WORKS
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PRESENT

HONORABLE LARRY HOGAN

Governor

HONORABLE NANCY KOPP

Treasurer

HONORABLE PETER FRANCHOT

Comptroller

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PROCEEDINGS

GOVERNOR HOGAN: Well, good morning.

AUDIENCE: Good morning.

GOVERNOR HOGAN: Earlier this week, I signed into law two very important bills that will ensure long-lasting protections for Maryland's environment. H.B. 462 is the fulfillment of a promise I made to restore Program Open Space funds, which have been raided by previous administrations for other purposes. This law returns \$302 million over the next several years to Program Open Space, restoring this nationally renowned preservation program to full cash funding as it was originally intended. And S.B. 324, the Green House Gas Reduction Act Reauthorization, is a balanced approach to reduce carbon emissions by 40 percent while delivering net benefits to the State in both jobs and economic growth. This plan reflects my administration's commitment to collaborative, bipartisan solutions and is an example of what we can achieve when we all come together.

I want to thank Comptroller Franchot for his steadfast efforts on protecting the environment, and I'd like to give special thanks to Treasurer Kopp for her tremendous effort serving on the Climate Change Commission --

TREASURER KOPP: Thank you, Governor.

GOVERNOR HOGAN: -- and her tireless work in achieving this consensus.

Just yesterday we completed our disposition of all the actions of the General Assembly so far this session. We also hosted the Orioles at Government House and yesterday I also addressed the International Association of Firefighters Convention in Washington. And then last night we had a ceremony recognizing Taekwondo. Some of you might have heard about it. I broke through four boards which were labeled partisan gridlock.

(Laughter.)

GOVERNOR HOGAN: And we, we have a little one-minute video from that event that I thought would be a great way to set the mood for today's BPW --

(Laughter.)

(Video plays.)

(Laughter.)

(Applause.)

GOVERNOR HOGAN: Now since it got such a good reaction I want to maybe show it one more time in slow motion.

(Laughter.)

(Video plays.)

(Laughter.)

(Applause.)

GOVERNOR HOGAN: So I hope that didn't intimidate anybody here --

(Laughter.)

GOVERNOR HOGAN: -- but with that I'd like to turn to my colleagues for any opening remarks. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor. And I'm sorry you cut the video a little short, because if you want to go to the *Sun* page you can see the whole video. Because shortly after this the Governor went over and the First Lady came up and gave him a big hug of congratulations. And I think she said to him, by the way, I can break eight boards.

(Laughter.)

GOVERNOR HOGAN: She scares me.

(Laughter.)

COMPTROLLER FRANCHOT: But congratulations on that. I thought you were wavering there for a moment. And but it's just terrific and I'm delighted for you. And thank you also for the Opening Day at Camden Yards. I was up there with many people and stopped in to see you, Governor. And frankly, it was terrific to enjoy the company of friends and colleagues on

America's greatest sport. And sorry about the bad weather, but great hopes for the Os and they won.

So I'd also like to commend frankly the Senate Judicial Proceedings Committee for reporting out of committee the Taxpayer Protection Act and for sending it to the full Senate for consideration. And I respectfully call on all senators to take swift action and pass this important piece of legislation to strengthen my office's ability to protect the financial security of Maryland families. Tax fraud and identity theft cases continue to be on the rise everyday at rates and levels of sophistication that we have not seen ever in Maryland or frankly across the country.

Just two days ago my office suspended processing returns from four additional tax preparers, bringing the total of blocked preparers to 65 just four months into the year. At the end of this calendar year I will have 50,000 fraudulent tax returns sitting on my desk. That's how bad it is. And it's not unique to us, it's happening all over the country. And this particular legislation, House Bill 162, is absolutely essential to our continued efforts to protect innocent taxpayers across our State from fraudsters and identity thieves. I'm cautiously optimistic that we'll be able to implement the provisions of the bill this year, but it still has to get through the Senate. It's gone through the House almost unanimously.

And speaking of legislative actions, I wanted to express my disappointment over the vaguely worded amendments that were quietly snuck into the capital budget, bypassing an open legislative process, denying the public the opportunity to offer input. In my 20 years in the Legislature I was always told the conference committee was not the arena for new ideas to be put onto the conference report. In fact items that were not considered in the House or Senate, one or the other, were not allowed in the conference committee.

But the first action that ended up in the conference committee eliminated the Interagency Committee on School Construction appeals process, taking any accountability or transparency out of the process and instead gives the power to allocate school construction dollars to an unelected, unknown board that meets in virtual privacy instead of us. Anyone who can find the address of the IAC and where they meet, please let me know because nobody else can. Families, students, and teachers whose grievances have been met with a deaf ear by their school systems have no where to go with their concerns, like mold in classrooms, lack of air conditioning, and school closures now that their voice is shut out of the process.

The second action that was put in, other than exempting us or getting rid of us, the second action is the particularly strong rebuke on air conditioning to the thousands of students, teachers, and school personnel who for

too long have been forced to learn and work in conditions that pose serious health risks and reduce academic achievement.

Now both of these actions that were put into the capital budget I understand were intended to be shots at the Governor and me. But instead they hit thousands of children, families, and teachers. And Governor, while there are some superintendents and county leaders out there who think they are now immune from public scrutiny, the emails and calls and texts that I've received from the public since last Tuesday, Thursday, suggest differently. There are a lot of people, hardworking taxpayers, concerned parents, and education advocates, who are feeling angry and betrayed by these undemocratic actions.

But I'd like to assure those Marylanders that this effort to undermine accountability and transparency won't work. This Board, as unique as it is in the nation, will continue to exercise our constitutional duty to oversee the public school construction process. We will continue to hold superintendents and school officials accountable for their decisions. In fact, I frankly, just speaking personally, see this as an opportunity to take the oversight of school construction to a whole new level. So stay tuned. Thank you, Governor.

GOVERNOR HOGAN: Well, thank you, Mr. Comptroller. I couldn't agree more. I agree with you 100 percent. It was particularly disturbing that the Legislature took the -- that's why I didn't sign the capital budget even

though it was our budget and we were happy with the budget. We didn't like the wording that they snuck in there --

COMPTROLLER FRANCHOT: Mm-hmm.

GOVERNOR HOGAN: -- about the Board of Public Works, or about the air conditioners. And the fact that Baltimore County Schools have a \$40 million surplus from last year and yet they refuse to take care of the thousands of kids that are sweating in those classrooms, and they went so far as to not only not spend their money but come here demanding that we give them half of all the school construction money in the entire State and take it away from all the other counties before they could do anything about it. And then they went to the Legislature to say pass a bill that says we don't have to fix air conditioners is one of the most absurd and ridiculous things that I've ever seen the Legislature do. So thank you for bringing that up.

COMPTROLLER FRANCHOT: Thank you, Governor.

GOVERNOR HOGAN: Madam Treasurer?

TREASURER KOPP: I will not say much on that because I didn't, I wasn't involved, didn't see that action, but I have no doubt that the conversation about room air conditioners will continue until every school in the State is air conditioned.

I did want to mention, Governor, the bill signing on Monday. Because I think it was an extraordinary signing. Not only the bill in honor of the families of the Harford Sheriffs and the Program Open Space funding, but the reestablishment of the Greenhouse Gas Commission and the ratification of the determination to have a 40 percent reduction, mitigation in CO2 by 2030 is a very strong statement on the part of the State of Maryland. And I think that we will continue to be in the lead in saving our environment. Everyday we read in the paper of the significant scientific understanding, growth in scientific understanding regarding the imminency of some events that some people thought were centuries and centuries off, may not be centuries and centuries off. And as a State with the largest, one of the largest shorelines in the nation we have already been impacted.

On this Agenda you can see the effects of sort of a rogue hurricane. There will be many more hurricanes, as well as sea level rise, storm surge, and the effect on our infrastructure. And this commission and the bill that you set up sets the way, looking both at mitigation and adaptation, based on science and leading to education that I think should be a model for the nation. I'm extremely proud and quite honored that I was placed on the commission.

The Secretary is a great leader, Don Boesch from the University, and Secretary Grumbles, who has been just a terrific team leader bringing

everybody together and being able to use all the parts of your government. The Department of General Services in your surveys and in your work, I know, are going to be factoring in these questions of impact of climate change and climate change regulation, which is going to impact us, and of course the opportunities for investment and for growth in the private sector and the Commerce Department. I found it a very, very exciting and very inspiring moment, and I thank you for sharing it.

GOVERNOR HOGAN: Well thank you, Madam Treasurer, for your leadership on the issue, and thanks for recognizing the secretary, our secretaries for their efforts. And they have both done a tremendous job. Our administration has been, I think we're the, it's really, I think we're getting credit across the country I think as the first State to take these kinds of actions in a bipartisan way with a Republican Governor and a Democratic Legislature and we're all in agreement. So thank you for your leadership.

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: With that, let's go ahead and get started with the Secretary's Agenda.

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have ten items on the Secretary's Agenda this

morning. There are two reports of emergency procurements. We are prepared for your questions.

GOVERNOR HOGAN: Any questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Item 3, please.

SECRETARY MCDONALD: Item 3 is a request from the Department of Commerce that the Board ratify allocations to the fund managers of the Small, Minority, and Women-Owned Businesses Video Lottery Terminal Account. We have here with us both Mr. Cole and Ms. Garrett from the Commerce Department and they can explain the recommendation.

MS. GARRETT: Good morning.

GOVERNOR HOGAN: Good morning.

MR. COLE: Good morning.

SECRETARY MCDONALD: Go ahead and introduce yourself, please.

MS. GARRETT: I'm Darla Garrett, Department of Commerce, Program Manager for Small, Minority, and Women-Owned Business Fund.

MR. COLE: And I'm Greg Cole with the Department of Commerce, Director of Finance Programs.

COMPTROLLER FRANCHOT: Okay. Terrific. I'm glad you're here because this caught my eye. Apparently we are being asked to approve after the fact reimbursements that were issued by your agency to a pair of entities that were serving as fund managers for, and this is quite a mouthful here, but it's called the Video Lottery Terminal Small, Minority, and Women-Owned Business Account. Without delving too far into ancient history, this account was established by the 2012 gambling referendum to funnel slots proceeds into minority and women-owned businesses. It was an obvious way to generate political support for the ballot initiative. But I have to say even though I opposed that whole initiative, of all the money that was talked about in that proposal this actually seemed to be the least objectionable allocation. So I'm supportive of it, particularly if they are local businesses that are right in those communities.

So anyway, we hired three fund managers to administer the transactions. Apparently Commerce gave two of them, the Meridian Management Corporation and the Anne Arundel Economic Development Corporation, quite a bit more money than was authorized. Specifically Meridian received nearly \$250,000 more than it should have. Anne Arundel Economic Development Corporation received nearly \$200,000 in excess. So I have to begin by asking how does this happen, and who was responsible for signing the checks? How did

everybody allow this to occur? And obviously we're going to validate what after the fact were inappropriate expenditures, but how did we get it so wrong?

MR. COLE: Do you want to go?

MS. GARRETT: Sure.

MR. COLE: You've got the map.

GOVERNOR HOGAN: Don't fight over it.

(Laughter.)

MS. GARRETT: First of all, the fund managers are allowed an eight percent expense fee to set up the fund, and that's part of the RFP. And we approved that and we allow that. In the second contract we recognized that the fund managers may have additional expenses and they are not quite fully up and running. They are making loans but they don't have the income back yet into the fund to support their expenses. So we allow them what's called an excess expense fee, which basically says, look, at the end of the year tell us what your expenses were, tell us what your income is, and to the extent that your expenses exceeded your income we will make a reimbursement to you. That's where some of these expenses have come in.

They are all documented. All the fund managers, we have seven now, are required to submit monthly bank statements, monthly reconciliations. They are required to put their activity in our partner portal called Sales Force.

They are required to also report to us on an annual basis. They also have an external audit by their auditors, and then the legislative auditors as well. So we have tightened up our controls and our oversight. Every single expense is documented.

The mistake that we made, this is not a mistake that the fund managers made, this is a mistake that Commerce made. We have an MOU with the Board of Public Works. We are responsible for administering the fund and we assumed that we had the ability to make modifications to the contract and approve these types of expenses. Going forward, we're doing a new RFP this year, any additional expenses that are requested by the fund managers will be brought to the Board for a formal approval before releasing any additional principal funds from the account.

Also I'd like to say that the program is working. We have approved about \$27 million in approved loans among the seven fund managers and the expenses are roughly around \$1.2 million overall, which is only .04 percent. So the program is working. The money is being deployed to small, minority, and women-owned businesses in the targeted areas according to the law.

MR. COLE: And let me draw attention --

COMPTROLLER FRANCHOT: Sure.

MR. COLE: -- to the word excess, because that does create a problem in the minds of people looking at it. And it doesn't mean that it's excessive expenses. What it means is it is expenses above and beyond the initial eight percent that they were allowed to stand up the program. That eight percent comes directly from the number, if you can recall when I did the State small business credit initiative and got \$23 million from Treasury to support economic development in Maryland, we were allowed an eight percent stand up fee. Then if there are expenses in addition, term of the art is excess. So it doesn't mean that these are excessive fees. It's the bucket that they are classified in. As the fund managers deploy money, create a bigger pool of loans with greater interest income that "excess expense" will go down because it's now being offset by rising income. But we had a situation where we're starting from ground zero and a fund manager has no income on day one until such time as he receives enough money to create a mass to create the interest income to cover his expenses he does have these excess --

COMPTROLLER FRANCHOT: Great. No --

MR. COLE: Okay.

COMPTROLLER FRANCHOT: -- not to interrupt. I support your program.

MR. COLE: Okay.

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COMPTROLLER FRANCHOT: And but, and I'm happy to hear about the quality control that now is in place. What caught my eye was the audit which said that DBED approved the increase based on a budget schedule showing the fund managers' increased expenses which was not accompanied by any support to justify the need. Have you worked that out with the auditors? Is that covered by your --

MS. GARRETT: Part, well, we have responded and accepted the findings in the audit and agreed to make certain changes. The problem with the legislative audit was that we requested that we be able to submit these findings to the fund managers so that they could look at them and they could respond. Because I'm administering on one end, they are administering their program on another end. The legislative auditors went on site to the fund manager's place of business and actually came back and said they were very impressed with the way the fund managers were managing the fund and their administrative processes that they had in place. So it was a little surprising to see some of the findings in there. But we were not allowed to let the fund managers see those findings, nor were they allowed to respond. I think if the fund managers were allowed to see the findings and had been able to respond, I think maybe we would have had a different outcome on those issues.

MR. COLE: And we have since changed the excess, if I can again stay with that term, the excess expense is now on a reducing scale. So it's five, four, three, two, one. So it forces the fund manager income to offset all of their operating expenses. So it's now a self-correcting problem.

COMPTROLLER FRANCHOT: Okay. Thank you, Governor.

GOVERNOR HOGAN: Well without getting too deep in the weeds, I understand that Commerce is readying a new RFP for fund managers, is that correct?

MR. COLE: That is correct.

MS. GARRETT: Yes.

GOVERNOR HOGAN: Well we'd like to, you know, we don't like to approve retroactive spending. And so we'd like to see if you can't figure out a way to correct this misunderstanding that the legislative auditors and we have here so it doesn't happen again.

MR. COLE: Yes, sir.

MS. GARRETT: Absolutely.

GOVERNOR HOGAN: I understand exactly what you're saying. It's just we want to make sure everybody is clear up front rather than coming back after the fact to fund it.

MR. COLE: Absolutely.

GOVERNOR HOGAN: Great. Any questions? Thank you.

TREASURER KOPP: I haven't a question, Governor. When we get to voting on this item I intend, on advice, to recuse myself. I'm a member of the MSR, MSBDFA, which contracts with one of these parties.

GOVERNOR HOGAN: Okay.

TREASURER KOPP: And I, but I appreciate your explanations.

GOVERNOR HOGAN: So Madam Secretary, would we pull that out of the --

SECRETARY MCDONALD: We will.

GOVERNOR HOGAN: -- we'd do a separate motion on that?

SECRETARY MCDONALD: Yes.

GOVERNOR HOGAN: With the recusal of the Treasurer.

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: Okay. Thank you very much.

MR. COLE: Thank you.

MS. GARRETT: Thank you.

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

COMPTROLLER FRANCHOT: Yes, if I could just make a brief comment on Items 7, 8, and 9? I find these three items quite interesting. They

come on the heels of a request from the Maryland public school superintendents, that's their famous letter to the leadership in the Legislature and we got copied on it. The school superintendents asked to discontinue this Board's annual IAC appeals meeting apparently because in the process of approving hundreds of millions of dollars in taxpayers' money we occasionally strayed from the discussion topics they, the superintendents, were comfortable talking about, except Treasurer Kopp. I don't want to include her in this exercise because she was singled out in the letter as actually asking questions the superintendents thought were appropriate. And then to my complete surprise this bizarre request was actually granted by the Legislature, eliminating the annual IAC appeals meeting through language in the capital budget. Now as I said, I never have seen that budget used as a platform for passing legislative initiatives in a private backroom without so much as a public hearing.

So these items, I see the Maryland Stadium Authority needs our approval to award a package of contracts to Gilbane Construction in order to proceed with the renovation and construction of an addition to Frederick Elementary School in Baltimore City. It also seems that our approval is needed to transfer an old elementary school property from the Baltimore City Public Schools to the Baltimore City government, transfer another modular building from the school system back to the City.

Governor, obviously I don't have any heartburn about these items. But I'd like to ask if I could our wonderful staff director, Sheila McDonald, I recall at the January 27th meeting that was apparently so politically charged, although Treasurer Kopp, I kid her by saying she was the lone, bright spot in the darkness according to the superintendents --

(Laughter.)

GOVERNOR HOGAN: That's not surprising.

COMPTROLLER FRANCHOT: -- we did ask Dr. Thornton to get back to us on three questions. How many Baltimore City classrooms are now air conditioned? How many Baltimore City classrooms are without air conditioning? And finally, what is the City doing to put air conditioning in these classrooms? And Ms. McDonald, I guess I, have we received a response in writing? It's now been well over two months since that meeting so I'd assume we have something in writing.

SECRETARY MCDONALD: Dr. David Lever did send letters to four counties, three counties and Baltimore City. And those are the three questions in the Baltimore City letter. He asked that the, working with all the staff here, the four jurisdictions were asked to have their responses to those questions in writing to the Public School Construction Program on April 18th. Dr. David Lever, who is here, plans to look at them from the 18th to the 27th, and

have all those responses consolidated for the Board on the 27th which will give us two weeks to look at it before a May 11th meeting when the capital program comes back. But Dr. Lever may want to --

DR. LEVER: That's correct. Everything Ms. McDonald has said is correct.

COMPTROLLER FRANCHOT: So that would include, I take it, I take it, Montgomery County, Howard County, and of course Baltimore County in that same meeting. I think we asked Dr. Foose from Howard County to provide further insights into the presence of mold in Howard County Public Schools as a result of inadequate roof maintenance, as well as the fact that roof related issues were raised in previous school maintenance inspection reports but were never acted upon by Howard County. And we asked Montgomery County to address some issues related to roof maintenance. And of course we asked Superintendent Dance from Baltimore County to give us a sense of how many classrooms currently lack air conditioning and what if anything the county is going to do about it. So the testimony is they can't send us those answers? It has to come through --

SECRETARY MCDONALD: Oh no, they can send them directly. I think we were just trying to make sure that we had everything in one pile, that all the counties would be coordinated by Dr. Lever.

COMPTROLLER FRANCHOT: Okay. That's fine.

SECRETARY MCDONALD: But we can definitely get the things to come here directly as well.

COMPTROLLER FRANCHOT: Well my count, Dr. Lever, is that Baltimore City, as we speak, has 2,004 classrooms where the kids in a couple of weeks are going to be in sweat boxes, 2,004 classrooms. Let's say generously there are 25 or, what, 30 kids in a classroom. You can do the math. Baltimore County has 1,743 classrooms as we speak that lack air conditioning. So in two weeks, no air circulation, 100 degree temperatures. I hope that the plan is, that you forward to us shows some immediate action.

DR. LEVER: Well I will consolidate their responses and I will forward them to you.

COMPTROLLER FRANCHOT: Yeah, but you're in touch with them. So please communicate to them that this is, you know, hot weather is coming, number one. And Ms. McDonald, just for my planning purposes, when do the QZAB proceeds get distributed? When do the Aging Schools Program's money get distributed?

SECRETARY MCDONALD: Distributed? Actually distributed? I mean --

COMPTROLLER FRANCHOT: Well, voted on by this Board?

SECRETARY MCDONALD: Right, May 11th. I mean, isn't that all coming back at the same time? May 11th?

DR. LEVER: May 11th, yes.

SECRETARY MCDONALD: May 11th will be the final capital improvement program that begins 1 July, and then also an item for the Aging School Program proceeds and the QZAB proceeds, correct?

DR. LEVER: Mm-hmm. That's correct.

SECRETARY MCDONALD: So we will have three items on May 11th.

COMPTROLLER FRANCHOT: Well you might communicate with them that they need to show results. They need to have the, I mean, the only reason I brought it up at the January meeting was because Senator Ferguson from Baltimore City went to visit a school, I guess in his district, and he said, boy, it's awful hot in here, there's no air circulation. So they went and put in 27 air conditioning units overnight. Took care of the problem.

DR. LEVER: I'm aware that Dr. Thornton and his staff are really looking at this issue and they are developing a plan.

COMPTROLLER FRANCHOT: Thank you very much. I appreciate it. And these three items, as I said, I don't want to get in the way of the kids in any way. But boy, there are a lot of items that come before the Board. I

hope that we see air conditioning units put this, not like next year, like hopefully by May they can report how many they have put in, May 11th.

DR. LEVER: They will be reporting on the questions that we asked them.

COMPTROLLER FRANCHOT: That doesn't sound very optimistic to me but hey I'm just the Comptroller --

DR. LEVER: Well I can't say the responses I'm going to get.

COMPTROLLER FRANCHOT: Great.

DR. LEVER: I have to wait until I get the responses.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR HOGAN: Maybe we can call some legislators up to talk to them about it as well, at the same meeting, find out why they are so opposed to air conditioning.

COMPTROLLER FRANCHOT: It wouldn't be a, I, well I don't know who put that language in.

TREASURER KOPP: Yeah.

COMPTROLLER FRANCHOT: Nobody has put their hand up and said we did it. But I'd be grateful if someone could make the case as to why the capital budget is used as a platform for something that was deus ex machina, dropped from the sky, that neither the House nor the Senate ever really discussed

and certainly didn't vote on. In back rooms filled with 12 people they changed the policy of the State. But make sure you tell them that I like what they did with the Tax Reform bill, the Taxpayer Protection. I don't want to be too critical.

(Laughter.)

COMPTROLLER FRANCHOT: But this is important.

GOVERNOR HOGAN: Yeah. Thank you.

COMPTROLLER FRANCHOT: Thank you. I didn't mean to --

GOVERNOR HOGAN: Thank you, Mr. Comptroller.

TREASURER KOPP: Could I just say on these specific projects that I think it's a great step forward. This is the beginning of the Baltimore City school renaissance, and it includes closing schools which was a very difficult part of the whole process. As you know in your own counties, in Prince George's and Montgomery, it's not easy to close schools. But when you do and you can focus your resources and maximize the opportunity for the students and the kids in a smaller number of new equipped schools, it's a great step forward for the State. So I don't know about the room air conditioners but I do know about moving forward with the Baltimore City project and with the closing of redundant schools. And I congratulate the people who made those tough decisions.

GOVERNOR HOGAN: Great. Any other questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: I move approval with exception of the item that the Treasurer --

SECRETARY MCDONALD: Item 3 we have to take a separate vote on.

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: Yes. We'll pull out the one item. With the exception of that --

SECRETARY MCDONALD: Everything except Item 3, right.

GOVERNOR HOGAN: Good. Three-oh.

SECRETARY MCDONALD: Okay.

GOVERNOR HOGAN: And now --

SECRETARY MCDONALD: A motion on Item 3?

GOVERNOR HOGAN: -- a motion on Item 3?

COMPTROLLER FRANCHOT: I'm for it.

GOVERNOR HOGAN: And I'll second it.

SECRETARY MCDONALD: Two-oh --

GOVERNOR HOGAN: That's two-oh.

SECRETARY MCDONALD: -- and Madam Treasurer has recused herself.

TREASURER KOPP: Thank you.

SECRETARY MCDONALD: Thank you.

GOVERNOR HOGAN: Thank you. Let's move on to the DNR Real Property Agenda. Mr. Secretary, good morning.

MR. BELTON: Good morning, Governor, Mr. Comptroller, Madam Treasurer. I'm Mark Belton, Secretary of the Maryland Department of Natural Resources, and I'd like to wish everyone a Happy Maryland Arbor Day.

COMPTROLLER FRANCHOT: Oh boy.

GOVERNOR HOGAN: Thank you.

TREASURER KOPP: Ah.

MR. BELTON: As most people know, National Arbor Day is celebrated the last Friday in April. Many states, Maryland included, celebrate a local Arbor Day to take advantage of the more ideal planting conditions. So the first Wednesday of April is Maryland Arbor Day and to help note that occasion we have four seedlings planted to your right and behind you, one for each of you and one for Ms. McDonald, the Executive Secretary of the Board.

SECRETARY MCDONALD: Thank you.

TREASURER KOPP: That's lovely. Thank you.

GOVERNOR HOGAN: Very nice.

COMPTROLLER FRANCHOT: What are they?

MR. BELTON: We also have some seedlings for folks to take home today, if they'd like, as they leave the meeting. So Happy Maryland Arbor Day.

COMPTROLLER FRANCHOT: What kind of trees are they?

MR. BELTON: That's a good question.

(Laughter.)

MR. BELTON: I can't tell by their leaves.

COMPTROLLER FRANCHOT: Maryland trees.

GOVERNOR HOGAN: You stumped him. They're Maryland trees.

MR. BELTON: They're Maryland trees.

(Laughter.)

GOVERNOR HOGAN: Any questions on the --

MR. BELTON: Hopefully they are red buds.

GOVERNOR HOGAN: Thank you for the seedlings and we'll, I'm going to plant mine at Government House later this afternoon and we appreciate that. Are there questions on the DNR Agenda?

MR. BELTON: We have two items for your consideration.

TREASURER KOPP: I have one question about Arbor Day. Do you anticipate that we will be celebrating it the first of April several years from now? Or will we have to move the calendar back?

MR. BELTON: Well I believe unless the law changes we will be celebrating it on the first Wednesday of April every year.

TREASURER KOPP: When they may be in bloom already.

GOVERNOR HOGAN: That was a climate change --

MR. BELTON: I get it.

TREASURER KOPP: That was a climate change --

(Laughter.)

TREASURER KOPP: -- inside --

MR. BELTON: I get it.

GOVERNOR HOGAN: I got it.

(Laughter.)

GOVERNOR HOGAN: Is there any questions on the DNR Agenda? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-oh on the DNR Agenda. We move on to DBM, Secretary Brinkley?

MR. BRINKLEY: Good morning, Governor, Comptroller, Madam Treasurer.

GOVERNOR HOGAN: Congratulations on your great work on the budget. I mentioned in our press conference yesterday, I don't remember any time in my lifetime that we've had an operating budget and a capital budget approved two weeks early without any kind of argument or confrontation or disagreement. And it's thanks a lot in large part to your great efforts and your team. So thank you very much for all you did with the budget.

MR. BRINKLEY: Thank you, Governor. I do have a great team -

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GOVERNOR HOGAN: He deserves a round of applause everybody.

(Applause.)

MR. BRINKLEY: Thank you, Governor. And I'll just make a shout out to the team, because I really do have some extraordinary people working in the upstairs and also in Baltimore on the capital side and the operating side. So a shout out to them.

Governor, Mr. Comptroller, Madam Treasurer, I have seven items on the Agenda and I have people here to address any concerns or questions that you might have.

GOVERNOR HOGAN: Any questions on DBM? Is there a motion?

TREASURER KOPP: Favorable.

GOVERNOR HOGAN: So moved.

COMPTROLLER FRANCHOT: Yeah, yeah. No --

GOVERNOR HOGAN: No problem with DBM?

COMPTROLLER FRANCHOT: -- yeah, no, and I want to applaud the Secretary. But take advantage of it because pretty soon you may be in the hot seat because of, you never can tell what goes on in politics. But this is a, no, almost unprecedented situation, even under Democratic governors to have this kind of comity, C-O-M-I-T-Y, between --

GOVERNOR HOGAN: I'm glad you spelled that.

COMPTROLLER FRANCHOT: Yeah.

(Laughter.)

COMPTROLLER FRANCHOT: Between --

TREASURER KOPP: Comity and Tragedy.

MR. BRINKLEY: Thank you.

COMPTROLLER FRANCHOT: -- so congratulations.

MR. BRINKLEY: Thank you.

GOVERNOR HOGAN: Thank you. So there's a motion, second, three-oh on the DBM Agenda. Move on to the University System Agenda. Good morning.

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

GOVERNOR HOGAN: Any questions on the University System?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-oh. Thank you for coming.

MR. EVANS: Thank you.

GOVERNOR HOGAN: We're getting things done today. We'll move on to Information Technology.

MR. GARCIA: Good morning, Governor, Mr. Comptroller, Madam Treasurer. I'm David Garcia, Secretary of the Department of Information Technology. Today we have five items on our Agenda and three items are supplemental. We are withdrawing four and five. I have agency representation to answer any questions you may have.

GOVERNOR HOGAN: Any questions on DoIT?

TREASURER KOPP: I have a question. Number one, and I'm probably the only person in this room who doesn't know this, possibly I am. I doubt it, actually.

MR. GARCIA: That's a DoIT item.

TREASURER KOPP: What's a peering fabric?

MR. GARCIA: We have someone here from the department to explain that, Madam Treasurer, Mr. David Mangrum.

TREASURER KOPP: Data center colocation and peering fabric.

MR. MANGRUM: Yes, ma'am. So a peering connection is when two companies decide that instead of conducting business over the public internet, they'll actually establish a direct connection with one another. So what we've done in this case is we've established direct connections with a number of companies that we have a lot of internet traffic with.

TREASURER KOPP: Sort of like an in-house internet between two houses?

MR. MANGRUM: Again, it's a direct network connection with a company that we do business with so that we can avoid conducting business over the public internet.

TREASURER KOPP: And the peering fabric?

MR. MANGRUM: That is simply the electronics and the interconnection that allow that to happen.

GOVERNOR HOGAN: That's the two peers that work together.

TREASURER KOPP: Okay. I get it. You can say -- yes.

MR. MANGRUM: Does that make sense, ma'am?

TREASURER KOPP: Yes. The linking, the linking --

MR. MANGRUM: Yes. Correct.

TREASURER KOPP: -- the link and material linking, or --

MR. MANGRUM: Correct.

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: Thank you.

MR. MANGRUM: Any other questions?

TREASURER KOPP: Thank you very much.

MR. MANGRUM: Okay. Thank you.

TREASURER KOPP: Now I know something.

GOVERNOR HOGAN: I'll admit the Treasurer was not the only one that did not know that.

(Laughter.)

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: Any other questions on the DoIT Agenda?

COMPTROLLER FRANCHOT: Yes, a question on Item 3. This is, we're being, Mr. Secretary, asked to approve a \$1.85 million contract to monitor youth that have been sentenced to community detention. I understand there were two bidders. One was the incumbent and the other was the winning bidder. And frankly I'm just a little concerned that the vendor, the incumbent vendor's bid was nearly \$1.2 million or 40 percent higher than the one that you are hiring and I just want to make sure that the new vendor will be able to meet its obligations starting May 7th. Do you have a bond or some kind of protection for the State if the bid was unrealistic?

MR. ABED: Mr. Comptroller, thank you for the question. Sam Abed, Secretary for the Department of Juvenile Services, Madam Treasurer, Mr. Governor.

GOVERNOR HOGAN: Good morning.

MR. ABED: Yes, we rigorously tested this equipment out in the procurement process. We actually asked both vendors to provide us several pieces of equipment, actually seven pieces of equipment, to evaluate. We evaluated them on the same criteria with the same people in the same locations to try to keep conditions as much as possible alike. Their technical scores were

comparable. The bid is significantly lower. But we are confident that they can perform the contract. Their equipment worked very well.

COMPTROLLER FRANCHOT: Just keep us in the loop.

MR. ABED: Absolutely.

GOVERNOR HOGAN: Great. Thank you, Mr. Secretary.

MR. ABED: Thank you.

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-oh on the DoIT Agenda.

Now we're going to move on to the Department of Transportation. Good morning, Secretary Rahn.

MR. RAHN: Good morning, Governor, good morning, Comptroller, good morning, Treasurer. For the record, I'm Pete Rahn, Secretary of the Maryland Department of Transportation. And MDOT is presenting 11 items today.

GOVERNOR HOGAN: I'd like to touch on Item 11, if I may, the Purple Line Public-Private Partnership Agreement. This P3 agreement meets the conditions I set forth last year for moving forward with the Purple Line: additional support from local governments; reserved federal funding; and aggressive pricing from the winning bidder. Our partners in Montgomery and Prince George's counties have committed a total of \$333 million in cash and in

kind contributions. The federal government has reserved \$900 million in federal funds for the Purple Line. And our new partner, Purple Line Transit Partners, is a world class team that has delivered a strong design and innovative ideas that provided the State with a competitive price and maximum value.

When completed the 16-mile Purple Line will act as an economic development catalyst across one of the State's most dynamic economic corridors, connecting residents with jobs and transportation centers across Montgomery and Prince George's counties. The agreement achieves \$550 million in savings for the State over the life of the contract and provides up front savings, \$8 million below the threshold I set, and \$17.6 million in annual savings through a reduction in availability payments.

I'm also pleased to see Treasurer Kopp and Comptroller Franchot's analysis, which shows that the agreement will have no effect on our capital debt affordability limits, another sign of our shared commitment to fiscal responsibility and sound stewardship of taxpayer dollars.

I want to particularly thank Secretary Rahn and MTA Administrator Paul Comfort and their teams and the Department of Transportation for their incredible work in negotiating this agreement with Purple Line Transit Partners. Gentlemen, you have helped the State of Maryland take a giant step forward in constructing a valuable project while delivering savings and value to

the taxpayers, and we thank you for that. So they deserve a big round of applause.

(Applause.)

GOVERNOR HOGAN: Are there any other questions on the MDOT Agenda?

COMPTROLLER FRANCHOT: Are we going to --

TREASURER KOPP: Could I just say before we get into the substance of it, for the record, Governor, you did, you mentioned the report that was delivered by the Treasurer's Office. But after consultation with the Comptroller's Office, with the auditor, and with the department, and the department responded to lengthy questions over an extended period of time, for us to come to the conclusion that as described in the official documents with the use of a third party trust to whom the federal receipts and local receipts will go directly, not through the Transportation Trust Fund; and through if necessary funds from the MTA, certainly including Purple Line revenue which will go directly to the trust fund, and perhaps others as the Purple Line revenue build up; those funds going directly into the trust for the Purple Line and distributed by the trustee for the Purple Line, will not constitute State funds. And while a significant amount of regular funds will be used for regular operating costs, the funds that will be used to back the private sector bonds will be separate, will not

be State supported, and will be administered through that Trust. And that was the question which led us to the conclusion that were we to go forward, if this is the construct we go with, and it will require significant monitoring I believe because we want to make sure it goes through this trust and is not part of the TTF because it then may be State funds and have a significant impact. And we are not allowed to approve the project if they are. So I think we, we both have the construct. We both agree on it. Some sort of oversight mechanism I believe has to be established to make sure that, after all this is a very long contract, that this understanding is maintained and the process continued for the next thirty-some years.

GOVERNOR HOGAN: Thirty-six years.

TREASURER KOPP: Yes. But with that, but with that understanding I think it does meet the constraints that the law put on us from that regard.

GOVERNOR HOGAN: Thank you.

MR. RAHN: Madam Treasurer, I'm certain that we can come up with that oversight mechanism to ensure that the funds are being correctly deposited into the third party's trust fund to go towards it. So that will not be an issue for us moving forward.

TREASURER KOPP: I appreciate that. Thank you.

GOVERNOR HOGAN: Any other questions on the MDOT Agenda?

COMPTROLLER FRANCHOT: Well if I could just comment that this is, the Purple Line obviously is a very special item for me, both as the former Chairman of the House Transportation Subcommittee and frankly more importantly as a long-time Montgomery County resident. I have championed this project for 30 years. And I just want to personally thank the Governor for putting this through. This, these kinds of projects are very difficult even if you support them. And I'm not, obviously he supports this. But this is not an easy lift. And the fact that we are at this point pushing the ball over the goal line, and yes, there have been many Democratic governors that have supported this. But it's a Republican governor that's putting it over the line. And I just want to say on behalf of me personally, when this is constructed and completed and open for service, people will understand why transit is so important. Because this will do everything that a transit project is supposed to do. And Governor, thank you.

GOVERNOR HOGAN: Thank you, Mr. Comptroller.

COMPTROLLER FRANCHOT: And it's going to take cars off the road in one of the most heavily congested regions. It's going to make older established communities more livable, more economically vibrant, places like New Carrollton, College Park, Langley Park, Silver Spring, and Bethesda. But

those first communities that I mentioned, everybody is suffering a lot of economic pain. And one of the solutions is going to be good transportation. This is going to provide safe, comfortable, and dependable public transportation for people who need it most, those who have no other way to get to work, to get to school, to the supermarket, or to the doctor's office. We talk about income inequality in this country? This project is a practical step to dealing with some of the economic pain that our most economically challenged families feel.

The other day I had a very well-intentioned, very successful person who happens to be cool to this project, who spent quite a bit of time explaining to me why the Purple Line is just superfluous, that it merely replicates transit service that are already in place. Peter, there are buses all over there. This is a very expensive indulgence. Well, I counted to ten before I responded. I should do that more often.

TREASURER KOPP: You should do that more often.

COMPTROLLER FRANCHOT: Yeah.

(Laughter.)

COMPTROLLER FRANCHOT: But you know, I graciously encouraged the person to put themselves in the shoes of a worker in Langley Park, half a mile from my house in Takoma Park, who has to make it to work at one of the restaurants or hotels in Bethesda, and go on down to the bus stop on

University Boulevard and wait for the Ride On number 15 route, take it to Silver Spring, and then wait for one of the J routes to come and finish the ride to Bethesda. Compare the length and the hassle of that trip with that rider's experience on the Purple Line and tell me that they are duplicative in any way.

So I'm a devout fan of this project. I'll be voting enthusiastically in support of the item. I do have a couple of questions, if I could, for the record, Mr. Secretary. Within the framework of the Purple Line Transit Partnership a firm called Alternative Concepts is actually going to be the transit operator. I'd like to hear more about this group and its relevant experience as a light rail service operator, particularly within a metropolitan region of this size and in an environment where it will have to coexist with another dominant transit entity. Obviously I've read the briefing documents. I know there are nearly 100 performance indexes against which the operator will ultimately be judged and the operator will incur financial penalties if they aren't met. But that's little consolation to riders who have to endure the inconveniences of undependable time tables, stranded vehicles, malfunctioning escalators and elevators. So putting aside the financial penalties, which I understand, what about this group's ability to run a railroad?

MR. RAHN: Sure. Mr. Comptroller, I'd like to add two of our terrific team members that actually were instrumental in moving this down the line. And so with that, Mr. Lattuca and Mr. Ensor can answer the specifics.

MR. LATTUCA: Sure. Charles Lattuca, MTA Transit Delivery and Development Office, and I have Jeff Ensor with me, who is my Finance Director. Very good question and this was part of the RFP in the statement of qualifications. The FLUOR team has had quite a lot of experience in building P3 projects, and it's more than just a railroad. It's operating a train, making sure that they are on time. It's customer service, it's dealing with the public. And having the ability and the technology and the know how to construct the project.

FLUOR has done some P3s. They did the I495 project in Virginia, which was a P3. And they just are finishing up and it's ready to open the Eagle Denver Project, which is a commuter railroad that's set to open in revenue service this month, and may already be open as we speak. FLUOR has brought on their team some very good operators, companies ACI and CAF. And they have good experience in operating transit systems across the country. And FLUOR is also going to stay with the project, not only through construction but also through the 30-year operations and maintenance cycle. They are very committed to the project and we're very impressed by their qualifications.

COMPTROLLER FRANCHOT: Okay. Then under Governor Glendening there were a lot fewer stops and stations on his map, which I thought, I loved his map. Now I even love more this map because you have a lot of flexibility built into the local stops for this transit. And I'm just wondering do the benefits of ridership and fare recovery and obviously convenience, do they outweigh the costs of constructing the station infrastructure and the time? Obviously when you stop at them it's going to add time to the commute. How does that, how do you balance --

MR. LATTUCA: That's an interesting question. The stops will only take about 20 or 30 seconds per stop, and so the dwell time is very, very low. The 21 stations that we have are going to enable us to make all of the necessary connections and serve the activity centers that were identified as most important and where people wanted to go. And we're going to provide that service and get people to their jobs and to the academic institutions, to the state college campus, and also provide the ridership. We're going to need to generate the revenue in order to pay off the debt service and some of the operating and maintenance costs.

COMPTROLLER FRANCHOT: Okay. And the 21 stations you mentioned, how many are in commercial areas that are zoned for commercial development?

MR. LATTUCA: Oh, that's a good question. I don't know the answer to that, but we can get that information to you.

COMPTROLLER FRANCHOT: Okay. And of --

MR. LATTUCA: Many are. I mean, some are in neighborhood type settings, but many are, five stops are in the campus, and then of course you are in all the major metropolitan centers across the 16-mile corridor.

COMPTROLLER FRANCHOT: Okay. And of the 21 stations, how many will have parking and is it appropriate to assume that we're going to get Metro bus, Ride On, and Prince George's County bus grids, get them realigned to feed --

MR. LATTUCA: Sure.

COMPTROLLER FRANCHOT: -- bus riders into those stations where appropriate?

MR. LATTUCA: So we're not building any parking. People will walk to their stations and/or take a bus. It might be a two seat ride for some people. But certainly we think there's enough stations here where there would be a lot of opportunities for people to access the stations. There will be a lot of pedestrian ways that will be created along with the project that will allow, facilitate the people getting to the stations. What was the second part of your question?

COMPTROLLER FRANCHOT: Well are we going to talk to Metro Bus --

MR. LATTUCA: Yes.

COMPTROLLER FRANCHOT: -- and Ride On and these other bus grids?

MR. LATTUCA: That's right.

COMPTROLLER FRANCHOT: I understand that people can walk to the --

MR. LATTUCA: Yes.

COMPTROLLER FRANCHOT: -- station but --

MR. LATTUCA: And we are going to talk to them. We have been talking to them. And you know, we are going to ensure that their, we match up with what they are doing and they can develop plans to help serve our stations. And actually when the Purple Line does get built and people start using it, it may provide some opportunity for the counties to reduce some bus services because it might be redundant at the time when the Purple Line opens because they follow parallel routes.

COMPTROLLER FRANCHOT: Okay. And do you see --

TREASURER KOPP: Could I interrupt?

COMPTROLLER FRANCHOT: I'm sorry. Please, mm-hmm.

TREASURER KOPP: Could you build on that one a little? The integration with the existing mass transit lines? How you are going to do it? I mean, I understand there's going to be an interoperable fare card?

MR. LATTUCA: Yes.

TREASURER KOPP: Or something like that?

MR. LATTUCA: So the fare systems will be interoperable with WMATA. And they are gravitating toward a new system in the next couple of years. And whatever they build, we are going to match that system. So we can have people use the same card or iPhone app in order to make their transfers and ride the system.

TREASURER KOPP: And integrated, you mentioned iPhone app

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MR. LATTUCA: Sure.

TREASURER KOPP: -- integrated passenger alerts regarding timing of, I mean --

MR. LATTUCA: Yes, we are working --

TREASURER KOPP: -- can you look in one place and find out what vehicles are coming towards you?

MR. LATTUCA: Yes. Well as the fare system is developed --

TREASURER KOPP: Uber-izing it.

MR. LATTUCA: Yes. As the fare system develops, we will work to ensure that any traveler messages are also put out in our system. That perhaps WMATA may issue, or one of the other bus services, and we will do the same for them.

TREASURER KOPP: And you are also factoring in and WMATA is factoring in, to follow the Comptroller's question, the impact, you said for instance, perhaps to reduce bus usage.

MR. LATTUCA: Yes.

TREASURER KOPP: You are looking at all that in terms of the financial impact on all of the transportation modes also?

MR. LATTUCA: So the financial impact of the Purple Line on the other modes should be positive. You are going to draw more riders. You are going to connect east-west all the systems that are going north-south. So we see that there will be some benefit to bring people to WMATA, because we cross WMATA in three different, four different instances. And we'll also allow people to get to MARC trains and Amtrak trains in New Carrollton. So those are the, this project really is the final link in order for all the systems to work effectively and efficiently. So if you, you don't have to go down to Union Station and then switch and go back up in order to go south to go and come back up and go west or east. So we think that the system is going to draw more riders. It's going to be

more convenient and when you provide something that's more convenient, and if we give good service, you'll have more riders and more connections.

COMPTROLLER FRANCHOT: Well just following up on the Treasurer, that is a big concern of mine, that instead of an expansion of regional bus service we see a reallocation of it, where the, for example Metro bus C lines and J lines are just eliminated and nothing else is put in there. That's not a good step if, since we're, this is a costly item. We need to see the regional bus systems, you know, get, as you say, more people to the 21 stations.

MR. LATTUCA: That's right. So the system is going to be complementary to the other transit services, and vice versa. And we think that people will find new ways to use transit and when we provide this new link that will encourage more transit ridership.

COMPTROLLER FRANCHOT: Okay. Are you going to accept the fare cards that are on the existing systems?

MR. LATTUCA: So we are going to be interoperable with the WMATA system. If Ride On has a different system, or the bus has a different system, they will have to buy our card or WMATA's card.

COMPTROLLER FRANCHOT: Okay. If you could get back to us on that?

MR. LATTUCA: Yeah.

COMPTROLLER FRANCHOT: Because that obviously is a no brainer. You need the same card.

MR. LATTUCA: Right.

TREASURER KOPP: I thought you just said --

MR. ENSOR: If I could just elaborate on that?

COMPTROLLER FRANCHOT: Okay.

MR. ENSOR: So today WMATA has Smart Trip, and but WMATA currently does not plan to have Smart Trip in place by the time we open. So they plan to move to this new electronic payments program which is, as Chuck was saying with the iPhones or your credit cards. And so if they have that system in place, that's what we plan to have. If they are still with Smart Trip then we plan to be interoperable with Smart Trip.

COMPTROLLER FRANCHOT: And then finally on this, you know, we love Light Rail because it's aesthetic, it fits into more the community, etcetera, etcetera. But unlike heavy rail, there's this problem with people just getting on the Light Rail and not paying for it.

MR. LATTUCA: So we'll have fare enforcement officers. Fare enforcement officers will be, just like the Baltimore Light Rail system, will be on the trains and checking to see if people pay their fares. In MTA and the

Baltimore Light Rail the fare evasion is calculated around four percent right now. So it's a pretty high recovery rate on fares.

COMPTROLLER FRANCHOT: Well what's the problem with eliminating a lot of the fare checkers, because that doesn't really work in my opinion, and just setting up some very simple barriers that people have to go through at these stations so that they --

MR. LATTUCA: Right.

COMPTROLLER FRANCHOT: -- show they have a, you know, they paid their fare? Otherwise it's going to be, I mean, these things are completely different from Baltimore. This is, people are going to be jumping on these things left and right. And I just, which we want, we want them to use it.

MR. LATTUCA: Right.

COMPTROLLER FRANCHOT: But we also want them to pay.

MR. LATTUCA: Right. And we need the train to operate effectively and have lesser dwell times at the stations in order to get people back and forth. I mean, people are going to be riding probably three, four, five stops on average. They won't be traveling the entire length. I don't have the history on why we went to this type of system. It duplicates what we're doing in Baltimore right now. I don't know if you have a little bit more on that.

COMPTROLLER FRANCHOT: Yeah, that's not a good model.

Trust me. Not a good model.

MR. ENSOR: In North America, and even in a lot of places in Europe, the Light Rail traditionally doesn't have fare gates if you have stations that are, you know, at grade. If you have stations that are elevated or if they are underground, then it's really easy to control, put fare gates in. But if we, we currently don't have fare gates at the Purple Line stations in part because it would create a safety risk for people wanting to run across the train tracks to try to get on the platform without paying. So that's why we've adopted the enforcement approach.

COMPTROLLER FRANCHOT: Well just as the person involved, along with the Treasurer, in the fiscal stuff, rethink that if you could. Because this can be done relatively easily. And this is not Europe. This is a new --

TREASURER KOPP: Well I think our citizens are as honest as they are --

(Laughter.)

GOVERNOR HOGAN: Takoma Park is a lot like Europe.

COMPTROLLER FRANCHOT: Yeah.

(Laughter.)

COMPTROLLER FRANCHOT: Okay. If I could just ask a couple of other questions, and then I'll finish up. What's being done to address the concerns of the opponents about noise disruption?

MR. LATTUCA: So we are going to monitor the noise during the construction activities and also during the operation of the trains. We'll be checking with that. We're also, this FLUOR brought some innovative ideas in order to put some switch and rail duplicators in that are solar powered to help ensure that the wheels make less noise, less wheel squeal.

COMPTROLLER FRANCHOT: How does that work? Less wheel squeal?

MR. LATTUCA: Wheel squeal, yeah, that's --

COMPTROLLER FRANCHOT: Do you get like --

MR. LATTUCA: I guess when you're braking or you have a turn -

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COMPTROLLER FRANCHOT: -- Vaseline put on the wheels or something?

MR. LATTUCA: Yeah. It does keep the system lubricated and in order to, it's a little extra effort in order to make sure that the train doesn't make as much noise as it might going through a switch or a curve.

TREASURER KOPP: Is the county or are you, are the counties or you actually monitoring it? Or is it just FLUOR?

MR. LATTUCA: Well FLUOR will be monitoring it, and we will be monitoring the contract. So we will be down there, you know, watching to make sure that they are meeting the terms of their contract --

TREASURER KOPP: You will have people on site there ad infinitum?

MR. LATTUCA: Yes. Yes. And then the counties are going to let us know if there are any problems, guaranteed, and we will address them immediately.

TREASURER KOPP: Well this issue the Comptroller raised of noise pollution is a very serious one to the folks who live along there.

MR. LATTUCA: We believe that we have some very good protections in place through our monitoring. And if there is a lot of noise, the concessionaire needs to address these immediately or they may suffer some point deductions which could lead to a financial deduction.

TREASURER KOPP: Well I'm sure that you and FLUOR and the Comptroller will be hearing from --

MR. LATTUCA: Yes.

COMPTROLLER FRANCHOT: Thank you, Madam Treasurer.

And then just what efforts have been contemplated to preserve the Capital Crescent Trail for folks who understandably have grown to love that open space?

MR. LATTUCA: Yeah. So the Capital Crescent Trail (indiscernible) 14-feet wide, except for a few areas where they might be constrained because of the right of way that's available or physical constraints. The Capital Crescent Trail will remain open during construction and we believe that you'll have a better trail when all is said and done. \$49 million is being invested by Montgomery County to build out the trail.

TREASURER KOPP: What will make it a better trail?

MR. LATTUCA: What will make it a better trail?

TREASURER KOPP: I find that difficult to believe. Yeah.

MR. LATTUCA: Well we believe --

TREASURER KOPP: You said it will be a better trail?

MR. LATTUCA: Yes. Because of the investment of the county in order to make the trail better and wider. And there will be walls between the train and the trail users.

TREASURER KOPP: So the answer is it's up to the county?

MR. LATTUCA: No, the county is very happy --

GOVERNOR HOGAN: That's part of the agreement.

TREASURER KOPP: Yeah, no, it's part of the agreement. But I mean it --

MR. LATTUCA: -- with the plans. We're designing the trail to their specifications.

TREASURER KOPP: That's --

MR. LATTUCA: Yes.

TREASURER KOPP: It's in the county's --

GOVERNOR HOGAN: Yeah --

MR. LATTUCA: Yes, that's their third party project, which we are constructing for them and they are paying us for that.

TREASURER KOPP: All right well --

COMPTROLLER FRANCHOT: Okay. And just for the record, what is the cost sharing arrangement between the State of Maryland and the counties? Specifically, how has it changed recently, I guess? Or since the original iteration --

MR. LATTUCA: Yes.

COMPTROLLER FRANCHOT: -- of the whole plan? Where are we with the county? And I don't, I'm certainly not throwing cold water on this.

MR. LATTUCA: No.

COMPTROLLER FRANCHOT: I said at the beginning how much I appreciate this and frankly, Governor, appreciate your leadership. I'm just asking some questions for the record. This is the last one.

MR. LATTUCA: The counties have significant investment in the Purple Line. They have \$333 million going into cash and in kind contributions to the project and to pay for their projects. So --

MR. RAHN: I think I can help answer that.

COMPTROLLER FRANCHOT: Thank you. Yeah.

MR. RAHN: Because that's the, from the time that the Governor gave us the goal of how to move this project forward, and I want to take this opportunity to recognize the government's leadership. I truly do believe this is going to be a legacy project for your administration and the Governor personally. But when the Governor gave specific hurdles that would have to be overcome in order for us to move this forward and make it an affordable project for the State of Maryland, he, one of those issues was additional funds coming from both Montgomery and Prince George's County. As a result of that and in coordination with the counties, Montgomery County provided an additional \$40 million and Prince George's provided an additional \$20 million. And then most recently because of the cost of the bid for the elevators connecting a development site with the Red Line, we are sharing with them an additional cost in which Montgomery

County will provide \$10 million and the department will provide an additional \$4 million to address a bid that came in higher than was estimated for that particular project. So if we total this all up, since the original agreement on developing the Purple Line Montgomery County is putting in an additional \$50 million with the cost of the elevator system, and Prince George's is putting in an additional \$20 million.

COMPTROLLER FRANCHOT: Excellent. And then I'll just end by saying this is going to be a nationally recognized project and the millennials around the country who have so many great economic dreams are going to flock to the Maryland suburbs in part because of this Light Rail project. It's an absolute game changer for our region and I don't know who else to give kudos to. I'll give it to the Legislature; I'll give it to the county government; I'll give it to everybody who struggled over the years to make it happen. But as it --

GOVERNOR HOGAN: Our federal delegation, who worked hard with the --

COMPTROLLER FRANCHOT: Our federal delegation. But hey, I'm sitting next to someone who would get all the criticism if it wasn't happening. So thank you. Kudos.

GOVERNOR HOGAN: Thank you. I think you had some more questions?

TREASURER KOPP: I have just a couple more questions. And I too, I can't tell you how much I look forward to the day when I can leave Bethesda and take the Purple Line to College Park, and know that folks are able to come from the east part of the suburbs to the west. I couldn't agree with that more. I'm all for getting out of the car and the one thing that concerns me, and I just want to bring it up to you, Mr. Secretary. I have several times personally. But it is part of a regional public transportation system. And if, I know our Paul Wiedefeld is struggling with the issues facing Metro and WMATA, including insufficient federal supports, results of insufficient federal support, and perhaps, I don't know, insufficient support from Maryland and Virginia as well. And we see this as a synergy, of bringing what some people fear is that it will in fact be a cost to WMATA and both because we won't be paying as much attention perhaps because we'll be focused on the Purple Line, and perhaps the counties the same thing, and that all those folks who depend on the Metro Red Line, which will be interfacing with the Purple Line, will in fact not have much of a system to ride on other than the Purple Line. How do we respond to this?

MR. RAHN: Mm-hmm. So Madam Treasurer, the, when you simply look at the map you can see how the Purple Line connects to --

TREASURER KOPP: This is the missing link.

MR. RAHN: -- yeah, how it connects to Metro. So rather than competing with Metro, it will feed Metro, and I believe it will add ridership to the Metro system because it will provide easy access to where previously it simply didn't make sense if you were having to drive or having to take Metro all the way in --

TREASURER KOPP: So you're saying it will be net ridership on public transportation?

MR. RAHN: There will be a net increase in use of WMATA facilities. Our system is being coordinated with Metro. You mentioned Mr. Wiedefeld and WMATA are working very closely with us to ensure that there is as seamless as possible a connection between our, between our station and their stations. And at MDOT we take transit very seriously as a responsibility that we have for the entire State. I would point out that we already provide 11 percent of our annual budget goes to WMATA --

TREASURER KOPP: Right.

MR. RAHN: -- for their funding. I mean, it is a significant expense. And I spend not an insignificant amount of time working with our board and staff to support WMATA.

TREASURER KOPP: And I assume the same thing is true of MARC and the other MTA? The integration and the hope for net synergistic increase.

MR. RAHN: We are making large investments in MARC with new train cars and new locomotives. We are currently waiting on an additional -- nine? How many new locomotives? Eight. Eight locomotives. And for that we are going to be overhauling the Metro system in Baltimore at an expense of roughly \$600 million. So we are making large investments in transit. And so the Purple Line is just one of those. And we believe it's a net, net-net good for transit overall within the region.

TREASURER KOPP: So those who are concerned that the backup funding, as we start up the Purple Line, as it gains its full ridership, some funding which may come from, for instance, MARC fares, a portion of MARC fares, will in fact also in the end result in enhancing, I'm asking if this is your argument, enhancing not only that Purple Line but MARC and the MTA as well?

MR. RAHN: So there will not be any deterioration in other transit systems as a result of the Purple Line, and frankly that's the benefit of the P3 arrangement that we have in which we pay for the capital investment in the Purple Line over the 30 years so it does not create a multibillion hit to the Trust Fund.

So that's, the P3 arrangement is a mechanism in which we ensure that we do not see negative impacts on other systems.

The issue, I've heard this referenced, to MARC train riders subsidizing the Purple Line. And the reality is we don't have any, any transit system in the State of Maryland that is not heavily subsidized by the Transportation Trust Fund. So MARC, the argument that MARC riders could subsidize Purple Line riders would only be the case if there was actually a surplus being produced by MARC riders. There is not. We pay about 42 percent of the cost of MARC riders from the TTF. So the issues and as we talk about ensuring that there is a third party trust fund to pay for Purple Line, the fact is that we can use fares from any of our transit systems as a locally generated revenue that can go into the Trust Fund and meet the test of not being then State debt.

So that's, the reference comes from the idea that says we could use fares from any transit system --

TREASURER KOPP: Right.

MR. RAHN: -- to go into the third party trust in order to meet the availability payment. But the idea that says, you know, one system subsidizes another, you know, the bottom line is it's the car drivers are subsidizing transit across the State.

GOVERNOR HOGAN: Any other questions?

TREASURER KOPP: Thank you.

GOVERNOR HOGAN: Any other questions on the MDOT Agenda?

COMPTROLLER FRANCHOT: I --

TREASURER KOPP: One question. When do we get to ride? I want to take this, I want to take this, I want to take this trolley. When am I going to be able to do it?

GOVERNOR HOGAN: Let's get it built, she says.

MR. RAHN: I know. I understood that. It hurt me when you said it was a trolley.

(Laughter.)

TREASURER KOPP: Sorry.

MR. RAHN: These are very attractive light trains.

TREASURER KOPP: I think trolleys are wonderful.

(Laughter.)

MR. RAHN: So construction will be no later than the Spring of '22.

TREASURER KOPP: Thank you.

MR. RAHN: So the Governor in his second term can be cutting the ribbon.

GOVERNOR HOGAN: Right at the end of the second term. All right. Thank you. Any other questions? Is there a motion on --

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing on the MDOT Agenda.

COMPTROLLER FRANCHOT: Governor, could I just, not to move from the global down to the miniature. But I know you communicated with our office yesterday about the Chester River Bridge. The Lieutenant Governor at the last Board of Public Works meeting agreed with me that hopefully we could get you to take another look at the bridge maintenance, because this is frankly the only way into Chestertown other than a 30-minute loop. And the bridge maintenance is going to result in significant I think negative impact on the local economy, since it's going to be scheduled right during the tourist season. I understand the locals just got word that as of next week the bridge is going to go to single lane for six weeks. This is something that I personally am involved with because a lot of the small business people have come to me and said, how did this happen? We're not Baltimore or someplace where there are lots of exits and entrances. And I've gotten a lot of push back from a task force of local officials that met with your group, and they all come back to me and say this is the best we

could come up with. But it reminds me of, you know, going to the grocery store and being told you can pick out any cereal you want, except it's got to be Raisin Bran. So if you could just perhaps get together with me? I can give you the names of all these small businesspeople. It is, I would just hope that you could rearrange things so that the tourist business down there, which is frankly 80 percent of what the Town has other than the College, is not interfered with.

MR. RAHN: I do believe, did you get a phone call this morning, Mr. Foxwell? All right. So my assistant had called your chief of staff to arrange a meeting as quickly as possible between us, and we can sit down and have that conversation.

COMPTROLLER FRANCHOT: And the Lieutenant Governor very nicely was supportive, and I don't want to put words in the Governor's mouth. But this is a situation where this Town has been put upon by the State on several occasions, and this is just the final straw. And the fact that as of April 18th the bridge goes to a one-lane back and forth, that just adds insult to injury. So I hope something can --

GOVERNOR HOGAN: Is this one of the 65 bridges?

MR. RAHN: No. This is a, this is a table, I think, it's a drawbridge, table bridge. One of these --

GOVERNOR HOGAN: It's not one of the structurally deficient --

MR. RAHN: It's not. No. But it needs maintenance. And I know there's a lot of reasons on why the method and time that it's being done. But let's sit down. We'll sit and explain. To be very honest, I don't know that there's a lot of latitude, given the constraints from agriculture, the schools, and tourism itself. So --

COMPTROLLER FRANCHOT: Trust me. I have a great deal of optimism that you are going to offer not just Raisin Bran, but Cheerios, and you know --

MR. RAHN: You know Raisin Bran's pretty good.

COMPTROLLER FRANCHOT: -- Froot Loops maybe --

(Laughter.)

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: You need Lucky Charms.

COMPTROLLER FRANCHOT: Yeah.

(Laughter.)

GOVERNOR HOGAN: All right. Mr. Secretary, you'll follow up with the Comptroller and --

COMPTROLLER FRANCHOT: Thank you.

TREASURER KOPP: Mr. Secretary, could I just say it's really, I think it's really great that we have task forces. I mean that when you do a major

thing like this you try to bring all the participants in the community together. But that's why it's really important once having done that that everybody truly be a part and feel that all the information has been shared with them in a very timely way, or it sort of undermines --

GOVERNOR HOGAN: Mm-hmmm.

TREASURER KOPP: -- the strength of --

MR. RAHN: Some of, obviously some of our system is just, it's in very complicated areas and with not very many options. But again --

TREASURER KOPP: Yeah. Got that.

MR. RAHN: -- I'm more than happy to talk about this --

TREASURER KOPP: It's just important that people know what's happening.

MR. RAHN: -- and bring in people that were involved --

GOVERNOR HOGAN: You know, we already completed your Agenda a long time ago, Mr. Secretary.

(Laughter.)

GOVERNOR HOGAN: We already voted on it. And you're cutting into Secretary Bassette's time.

TREASURER KOPP: It's a super Agenda.

GOVERNOR HOGAN: So I'd like to move on to the DGS Agenda, if we could.

MR. RAHN: Governor, you can't spend too much time on Transportation.

(Laughter.)

GOVERNOR HOGAN: DGS is also important.

MS. BASSETTE: Thank you, Governor.

GOVERNOR HOGAN: 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. The department has 22 items on our Agenda, including one hand-carried item. We'll be glad to answer any questions you may have.

GOVERNOR HOGAN: Are there any questions?

TREASURER KOPP: A comment, not a question, on Item 8. Just to note Item 8, which is the transfer of some property, nine acres, in St. Mary's, has the very strong support of Delegate Rey and asked to, that you know this and that it be put on the record.

MS. BASSETTE: Mm-hmm. Yes. Yes.

GOVERNOR HOGAN: Any other questions on DGS?

TREASURER KOPP: The hand-carried item?

MS. BASSETTE: The hand-carried item, Item 22.

TREASURER KOPP: This is a continuation of work in, as a result of a hurricane?

MS. BASSETTE: Yes.

TREASURER KOPP: Caused by our increasingly disruptive and volatile --

MS. BASSETTE: Jonas. Yes.

GOVERNOR HOGAN: So another climate change?

TREASURER KOPP: That's another climate change --

MS. BASSETTE: Another --

GOVERNOR HOGAN: Man, she's good. She sneaks them in all over the place.

TREASURER KOPP: Move favorable.

GOVERNOR HOGAN: Any other questions? Is there a motion on DGS?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing on DGS. That concludes our Agenda.

MS. BASSETTE: Excellent.

GOVERNOR HOGAN: Thank you everybody. We are adjourned.

(Whereupon, at 11:27 a.m., the meeting was concluded.)