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

**October 5, 2016**  
**10:10 a.m.**

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# PRESENT

## **HONORABLE LARRY HOGAN**

Governor

## **HONORABLE NANCY KOPP**

Treasurer

## **HONORABLE PETER FRANCHOT**

Comptroller

## **SHEILA C. MCDONALD**

Secretary, Board of Public Works

## **LEIGH WILLIAMS**

Deputy Secretary, Department of General Services

## **DAVID BRINKLEY**

Secretary, Department of Budget and Management

## **JIM PORTS**

Deputy Secretary, Department of Transportation

## **MARK BELTON**

Secretary, Department of Natural Resources

## **LUIS ESTRADA**

Deputy Secretary, Department of Information Technology

## **JIMMY RHEE**

Special Secretary, Governor's Office of Minority Affairs

## **MISSY HODGES**

Recording Secretary, Board of Public Works

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# PROCEEDINGS

GOVERNOR HOGAN: Well, good morning everybody.

AUDIENCE: Good morning.

GOVERNOR HOGAN: Thank you very much for being here. As you may have heard, I recently returned from a very successful trade mission to Israel. With us were State government officials, representatives from our universities, from the Maryland business community, as well as some of the top leaders of Maryland's Jewish community. And we had a chance to highlight Maryland's unique assets for global biotech, cybersecurity, defense, and health companies. We had productive meetings with executives from a number of Israeli companies, several of whom have already announced that they will be moving operations to Maryland or will be expanding their operations here in the State.

We also executed an MOU between UMBC and Tel Aviv University, creating a framework for the joint development of research and the exchange of both academic staff and students. We negotiated another MOU between the University of Maryland Baltimore and Hebrew University of Jerusalem which extends and broadens their already successful partnership. And we signed the first ever sister state relationship in Israel. It was with the Negev

Region, which is Israel's cyber hub, something that we have in common here in Maryland as the cyber capital of America.

And in addition to the successful economic development mission and the issues I just mentioned, we really did have a chance to immerse ourselves in Israel's rich culture and history, met some incredible people, and I got the chance to say a prayer at the Western Wall and to visit many of the holy sites. It was also my honor to be able to plant a tree in honor of and in the name of Governor Marvin Mandel, who was Maryland's first and only Jewish governor. And he really did transform Maryland government. So I'm happy to be back in town, ready to get some work done.

And you may have heard, the day before yesterday I also after a year and a half finished my final chemotherapy treatment --

(Applause.)

GOVERNOR HOGAN: So now I'd like to turn the floor over to my colleagues. Mr. Comptroller? Anything for the good of the cause?

COMPTROLLER FRANCHOT: Well I saw Governor Mandel up there in the portrait. He had a smile on his face. And thank you for recognizing him in Israel, and thank you for that great trip you made. And I can report from my travels around the State of Maryland that the citizens of this great State could not be more delighted in your clean bill of health. They are, really have your back there, Governor Hogan.

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: And I'm, I hear that from ever nook and cranny of the State. And boy is that good news.

I also, if I could, would like to just mention one other tiny little bit of good news, but it's important to my agency. We are going to receive the New Analytics 50 Award from Drexel University and CIO.com. These are very important and prestigious national awards. This one is particularly concerned with government or corporate institutions that use analytics to solve complex problems facing their industries. Please forgive me. I am not the person in charge of the analytics of the Comptroller's Office. But I am very, very proud of our staff.

The judges nationally chose our office, Governor, your office, the Comptroller of the State of Maryland, and gave us this award for, "innovative use of analytics to create and deliver business value." The analytic model we're being honored for helped my agency detect fraudulent returns filed by 61 private tax preparers at 68 locations throughout the State. I continue to be proud of my office's aggressive efforts to combat tax fraud and identity theft and for utilizing technology to prevent criminals from defrauding the people of the State of Maryland.

I'd like to thank the dedicated men and women of my Questionable Returns Detection Team and all of my superb employees who deliver first class service to Maryland taxpayers.

And additionally, just in closing, as part of our continued efforts to serve the taxpayers with respect, responsiveness, and results, my office is hosting two job fairs in Baltimore City to fill vacancies in our customer service divisions and other agency positions. The job fairs will be held on Wednesday, October 26th at the C.C. Jackson Recreation Center and Tuesday, November 15th at the Old American Brewery Building in Baltimore City from 6:00 p.m. to 8:00 p.m. Governor, thank you very much.

GOVERNOR HOGAN: Thank you. And congratulations to the Comptroller --

(Applause.)

GOVERNOR HOGAN: Madam Treasurer, it's great to have you with us this morning.

TREASURER KOPP: Thank you, Governor. It's great --

GOVERNOR HOGAN: You navigated the Beltway?

TREASURER KOPP: We navigated around a very serious accident on the Beltway and had the opportunity to go by Bowie State University in doing so, and that was a very good ride. Hats off to the State Troopers.

I want to say first of all congratulations on your --

GOVERNOR HOGAN: Thank you.

TREASURER KOPP: -- bill of health. That's terrific. There's a bipartisan, great support --

(Laughter.)

TREASURER KOPP: -- for that. And on the wonderful trip to Israel. I'm so pleased you had the opportunity --

GOVERNOR HOGAN: It was incredible.

TREASURER KOPP: -- and to build on our partnership. A couple of things from the last week I would like to mention. One, I attended the 50th Anniversary at the University of Maryland Baltimore County, UMBC, a great institution. If there's anyone in this room who hasn't visited UMBC, and I doubt that there is, UMBC is putting Maryland on the map, a great, great institution, great leadership, great students, and a very great celebration. I was pleased to be able to take part in it.

The two other things, too bad about the Orioles. But it was a great game. And they did very well. And as we used to say in New York, there's always another year.

And to mark the passing of a great fan of the Orioles, I don't know if anyone here worked with Gerry Aronin. It was some years ago now that she was the Deputy Secretary of Human Resources and an example of a public servant who went way beyond any demands of office in helping shape that

department into a new and modern department. Went on to do great things, graduate of the University of Maryland School of Social Work, and will be missed tremendously for her leadership, her great laugh, great sense of humor, and dedication to the people.

I've been asked a few times in the last several days about Wells Fargo, if I might mention that for a moment, and Maryland's relationship with Wells Fargo. As many of you know, between 2011 and 2015, Wells Fargo employees opened a couple million unauthorized bank and credit card accounts and took fees for those accounts without the owners, so-called owners of the accounts knowing anything about it. The federal government got wind of it. They have enforced the laws against them and Wells Fargo was fined over \$100 million. And after going through all the accounts in Maryland came down to about 520 accounts and the holders of those accounts have been reimbursed by the company.

The question has been raised about our State's relationship with the bank, because the State of California has gone on record saying that Wells Fargo is not going to be underwriting their debt or being used as a broker for the next year. I just wanted to tell you that Wells Fargo does not have that relationship with the State of Maryland with our general fund. We do not use them as an underwriter. They are not underwriting our bonds at the moment, nor are they our brokers. We have agency banking accounts, which are being very

carefully watched and audited, accounted for. We are not going to tell all the agencies of State government they can't do any banking in the next week. But when the accounts come up, when the contracts come up, obviously we want to have a relationship with good citizens. So I just wanted to make that clear.

GOVERNOR HOGAN: Okay. Thank you for mentioning that.

Okay, with that we'll get on with the Secretary's Agenda. Madam Secretary, good morning.

SECRETARY MCDONALD: Good morning, Governor, good to see you, Madam Treasurer, Mr. Comptroller. We have 12 items on the Secretary's Agenda. I don't know if they're cheaper by the dozen, but there's 12 of them.

GOVERNOR HOGAN: Twelve. If we could, I'd like to discuss Items 6 and 7.

SECRETARY MCDONALD: Six and seven is the Environment Department. Is Terry Wilson here, or can the Environment Department come up? This is the wastewater treatment plant, the Back River.

MR. SAFFOURI: Yes.

GOVERNOR HOGAN: Good morning.

MR. SAFFOURI: Good morning. My name is Walid Saffouri. I manage the Engineering Capital Projects Program at MDE.

GOVERNOR HOGAN: Yes, my understanding is that these items will provide for \$9 million in State loans to Baltimore City and Baltimore County for some much needed repairs and improvements to the City's Back River Wastewater Treatment Plant, is that correct?

MR. SAFFOURI: Yes.

GOVERNOR HOGAN: I know it's located in Baltimore County.

MR. SAFFOURI: Yes.

GOVERNOR HOGAN: I believe that these improvements will help reduce the sewage backups and overflows into Back River and assist Baltimore City in meeting the terms of the consent decree with the U.S. Environmental Protection Agency to help protect public health and prevent water pollution.

The project will also provide I believe a long term solution to the infestation of midges that has plagued Baltimore County neighborhoods and businesses surrounding the plant. The county cannot continue to ignore this problem, which has gotten serious. Unfortunately years of pollution flowing out of this plant into the river from the treatment plant has created the ideal breeding ground, apparently, for these midges.

To give you a sense of the massive infestation, counts of 500 midge larvae per square foot is considered a nuisance level, and Baltimore County reportedly has levels 24 times higher than that at 12,000 per square foot, and there

are clouds of these pests that coat the hulls of boats and houses and businesses and trees and buildings and they are a nuisance to residents and business owners. We've had hundreds and hundreds of complaints about this problem not being solved.

So the funding that we're approving today I believe will help with the long term problem but, and it will help with stopping future populations, but we won't do it till 2018, is that correct? It won't be completed?

MR. SAFFOURI: Yes. Yes. And in addition to this project we also have the enhanced nutrient removal project in Back River that is currently under construction and that should improve also the water quality that's being discharged to the river. So in addition to this project we have that project also going on.

GOVERNOR HOGAN: Well in addition the Maryland Department of Agriculture has determined that a treatment plan of the affected area on Back River to eliminate the midge larvae can be accomplished at a cost of \$1.2 million.

MR. SAFFOURI: Yes.

GOVERNOR HOGAN: And our administration officials reached out to the County Executive of Baltimore County a week or so ago, offering the State's willingness to assist them with this problem. And we proposed entering into a cooperative agreement, the State agreeing to pay one-half of the costs of

this initiative. We haven't yet heard a response from Baltimore County. But it is our sincere hope that the county will join us in addressing this terrible problem in Baltimore County.

MR. SAFFOURI: Yes.

GOVERNOR HOGAN: So thank you for, thank you for the effort.

Any other questions on this or the Secretary's Agenda?

COMPTROLLER FRANCHOT: Yeah, no, I'm glad you brought it to our attention and I hope you get back to us. I didn't realize the extent of the midge problem but I did read that raw sewage is regularly dumped into streams into Baltimore City and they have a plan, a six-year plan.

MR. SAFFOURI: Yes.

COMPTROLLER FRANCHOT: What is that all about? And what about down in the City where --

MR. SAFFOURI: Well actually my program is not directly involved in this. We're more involved in the corrective action that is being going on and preventing sewer overflow. We're also involved in this project which will also assist in preventing the overflow and the enhanced nutrient removal, which will improve the water quality being discharged by the river, actually. I don't have good background on that issue.

COMPTROLLER FRANCHOT: Well, that's good. I didn't expect it. I just wanted to --

MR. SAFFOURI: Yes.

COMPTROLLER FRANCHOT: -- support the Governor.

Because I've often said if you take better care of what we have, that's about 90 percent of what the public wants. And they don't like raw sewage.

MR. SAFFOURI: Yes.

COMPTROLLER FRANCHOT: And they don't like we're going to take care of it in six years, and it's just going to keep on doing it and keep on doing it and keep on doing it. So that's just, I didn't, I totally support the Governor's concern about the problem in Baltimore County. But raw sewage in 2016 going into streams that people go right through the City? Couldn't we do something faster than --

MR. SAFFOURI: Well the --

COMPTROLLER FRANCHOT: -- six years? Maybe fix it?

MR. SAFFOURI: Well we're moving as fast as we can in the projects. I'm working with the county and Baltimore City. We're more involved in assisting them each in that role as fast as possible. Anytime they come to us for funding, we're there to help them. But the pace of the project is mostly under their control. Whenever they need us for help, we're there to help them in terms of financial assistance.

COMPTROLLER FRANCHOT: Yesterday I was at Fort Hill High School in Allegany County. It was built by the WPA under Franklin Delano

Roosevelt, 1936. The school looked, I know we're building a new one, but fabulously well maintained for a school that old. And you know they take care of it. And it's a mindset. And Governor, thank you for bringing up the sewage thing. I didn't mean to jump on it. I certainly don't, you know, want to undercut that issue. I think it's very important. But how about the general issue of taking care of what we have?

MR. SAFFOURI: Yes.

COMPTROLLER FRANCHOT: And boy, that school, before they, whatever they're going to do with it, build a new one, get out there and take a look at it. Because it's made me proud as an American to think that in the greatest Depression ever, Marylanders were hired to build a school that is still in operation and it is in better shape than a lot of the schools in my own area, better maintained. So

TREASURER KOPP: It was probably better built.

COMPTROLLER FRANCHOT: -- you're good news. So thank you very much for --

MR. SAFFOURI: Okay, thank you.

COMPTROLLER FRANCHOT: -- you know, delivering it. And thank you, Governor, for educating me about the midge problem and the consequences of not taking care of what we have. Thank you.

MR. SAFFOURI: Thank you.

GOVERNOR HOGAN: I see Bruce Bereano in the front row. He was there in 1936 cutting the ribbon --

(Laughter.)

GOVERNOR HOGAN: So we welcome him this morning.

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: I think he lobbied to get that school built.

(Laughter.)

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

TREASURER KOPP: Favorable.

COMPTROLLER FRANCHOT: I'd just like to note for the record, if I could, Governor, that the Carroll County School thing is there, 11 and 12, and I hope that somebody puts something together up in that county that never repeats the kind of enrollment mistakes that generated that, the situation that we are approving. And I hope it just doesn't happen ever again.

GOVERNOR HOGAN: Well I agree with that. We certainly did everything we could to help mitigate the problem.

COMPTROLLER FRANCHOT: Exactly.

GOVERNOR HOGAN: But we were unable, not successful in convincing the county to work with us on it. But I think we're moving on at this point. So there is a motion --

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: -- and a second. The vote is three-  
nothing on the Secretary's Agenda. Next we're going to move on to the  
Department of Natural Resources, good morning, the Real Property Agenda.  
Good morning, Mr. Secretary.

MR. BELTON: Good morning, Governor, Mr. Comptroller, and  
Madam Treasurer. For the record, I'm Mark Belton, Secretary of the Maryland  
Department of Natural Resources. And we have three items on our Real Property  
Agenda for your approval.

GOVERNOR HOGAN: Wow, that's pretty small.

MR. BELTON: It is indeed.

GOVERNOR HOGAN: Three items. What have you guys been  
doing?

(Laughter.)

GOVERNOR HOGAN: You usually have 20 items, come on.

MR. BELTON: There's a good one coming next time.

(Laughter.)

GOVERNOR HOGAN: Anybody have questions on the DNR  
Agenda?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Move approval, second? Three-nothing.

Easy day today.

MR. BELTON: Easy day.

GOVERNOR HOGAN: We're going to move on to the DBM Agenda.

MR. BRINKLEY: Good morning. Governor, Comptroller, Madam Treasurer, I'm David Brinkley, the Secretary of the Department of Budget and Management. The department has submitted four items for today's Agenda. Item 2-S has been revised to remove the award for the western region. And I have representatives here to address any concerns or questions that you might have.

GOVERNOR HOGAN: Any questions on DBM?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing. We're blowing right through here. Next we'll have the University System. Good morning.

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

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

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Favorable.

GOVERNOR HOGAN: Good day.

MR. EVANS: Thank you.

GOVERNOR HOGAN: Thanks for coming. We'll move on to Information Technology.

MR. ESTRADA: Good morning, Governor, Mr. Comptroller, Madam Treasurer. For the record, I'm Luis Estrada, Deputy Secretary of the Department of IT, and we have four items on our Agenda today.

GOVERNOR HOGAN: Very good. Information Technology, any questions? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-nothing, how about that?

MR. ESTRADA: Thank you.

GOVERNOR HOGAN: I think this is the way to run a meeting.

(Laughter.)

MR. PORTS: I love it.

GOVERNOR HOGAN: Next we're going to move on to the Department of Transportation. Good morning, Mr. Ports.

MR. PORTS: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, my name is Jim Ports, Deputy Secretary for the Maryland Department of Transportation. We must work twice as hard as DNR because we have a whopping six items to report today.

GOVERNOR HOGAN: You know, I think it's like when the cat's away, the mice will play.

(Laughter.)

GOVERNOR HOGAN: I was on break. I go to Israel, nobody gets any work done.

(Laughter.)

GOVERNOR HOGAN: I've got to stay close to home.

TREASURER KOPP: I thought this was going to be a consent agenda.

GOVERNOR HOGAN: It could be. I'd just like for a moment to discuss Item 6. I see Jim White is here, the Director of the Port. Maybe come up and just touch base on this item?

MR. PORTS: The Port is my favorite subject.

GOVERNOR HOGAN: Good morning.

MR. WHITE: Good morning, Governor. Item 6 has to do with our car business. In the last two years we've had a 100-year storm, a 50-year storm, and two 25-year storms at Dundalk Marine Terminal and that's caused

some flooding issues with new cars. So in order to correct this we're building vaults in the ground with pumps to get the water out of the Marine Terminal so we don't have any more damage to new vehicles.

GOVERNOR HOGAN: Yeah. Well, thank you very much. I mean this is, I know this report is on an expedited procurement that we approved last August and it's an innovative underground concrete vault system I think to take care of the flooding, not only the flooding but the stormwater management and stop the runoff at the Port of Baltimore. And the project is to protect the automobile import/export operations at the Dundalk Marine Terminal from flooding and causing runoff.

We mentioned at the time when we were approving this, we kind of bragged about you and the Port and the job you're doing and that Maryland was indeed open for business and the Port was a perfect example of that. We talked about how fantastic the Port has been doing as an economic engine for the State. And here we are a year later and the most efficient Port in the nation is still I think making incredible progress. Jim, I wanted to thank you and your team for all their great efforts. During the first half of this year the Port saw a 12 percent increase in containers, the largest growth in containers among all Mid-Atlantic ports from New York to Norfolk. And I know you welcomed the first supersized container ships to come through the newly expanded Panama Canal, which is exciting.

MR. WHITE: Yes.

GOVERNOR HOGAN: A sign of things to come. We signed new extensions with our two cruise lines, Royal Caribbean for four more years and Carnival for two more years. And these extensions guarantee continued year-round cruises from Baltimore to the Caribbean and the Bahamas. And the cruise industry generates \$90 million in economic activity for the State.

Last time we discussed the Port and all the progress you were making, Helen Bentley was still with us. And, you know, I got a chance to see Helen right before she passed. And we all know how much the Port of Baltimore meant to her and how much she meant to the Port of Baltimore. And I just like to think that somewhere she's up there looking down on us and smiling about all the progress that you're making at the Port. So I want to say thank you very much for your efforts, Jim.

MR. WHITE: Thank you, Governor. You know, thank you as well. You know, this administration has given us opportunities at the Port that we haven't seen before, open for business, working more cohesively with the Commerce Department. Mike Gill recently was very successful in getting Under Armour to put a distribution center here. That all helps us. And we're well positioned for the future in all commodities that we're chasing, particularly container growth. I think that we will outperform the Mid-Atlantic and the East

Coast at least for the next six to seven years, at which time we may have some capacity problems but we're working on that.

Secretary Rahn has given us lots of support. Any time I've gone to him and introduced him to a Port customer or prospective customer, he's been there. He's been a tremendous help to us. So thank you all, the Board of Public Works, for supporting our projects.

GOVERNOR HOGAN: Well thank you. Keep up the good work.

(Applause.)

COMPTROLLER FRANCHOT: I worked with Mr. White when he, when I was in the Legislature. How are the forest products doing these days?

MR. WHITE: You were essential to us becoming the number one forest product terminal in the United States.

GOVERNOR HOGAN: Wow.

MR. WHITE: You --

COMPTROLLER FRANCHOT: Well you're nice to say that, but you're the one that --

MR. WHITE: -- gave us the support for the 300,000-square-foot warehouse. Without you, that would not happen. Thank you tremendously for that.

COMPTROLLER FRANCHOT: I remember you weren't very happy about it. But it's worked out. And I couldn't be happier and I concur with

the Governor that a lot of this is due to obviously the private sector leadership that you have shown as the Port Director. But I wanted to make sure Mr. Ports, speaking of ports, Mr. Ports --

MR. PORTS: My favorite subject.

(Laughter.)

COMPTROLLER FRANCHOT: But thank you and please given the Secretary my compliments on him under, you know, recognizing the priority of this incredible economic engine that we have up there in the Port of Baltimore.

MR. PORTS: And Jim White wouldn't, he doesn't like to brag, but we're number one in aluminum, number one in gypsum, number one in Ro/Ro, number one in automobiles, along with the forest products. And I -- did I miss any?

MR. WHITE: Number ninth in the country overall for value.

MR. PORTS: There you go.

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: Yeah, we want to get that to number one also.

MR. PORTS: Pretty incredible.

(Laughter.)

MR. PORTS: We're getting there.

GOVERNOR HOGAN: That gives us something to shoot for.

MR. PORTS: We're working on it.

MR. WHITE: Absolutely.

GOVERNOR HOGAN: All right. Thank you very much.

MR. WHITE: Thank you.

GOVERNOR HOGAN: Okay.

TREASURER KOPP: Jim, as long as we have the opportunity, could you put on your Agenda at some point coming back talking to us about how the Port, which is such an important driver of our economy, is dealing with and planning for the impact of climate change, particularly sea level rise and storm surges as they impact both the Port itself and then commerce going in and out of the Port?

MR. WHITE: For sure.

TREASURER KOPP: Thanks.

GOVERNOR HOGAN: Great. Thank you very much, Jim.

MR. WHITE: Thank you.

GOVERNOR HOGAN: Any other questions on the Department of Transportation Agenda?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-nothing on Department of Transportation. Mr. Ports, thanks.

TREASURER KOPP: Governor?

GOVERNOR HOGAN: Yes?

TREASURER KOPP: Before we go, I see the Senator sitting here and I assume it was for the project that we unanimously approved earlier. But --

GOVERNOR HOGAN: Senator Sailing, thank you very much for being here. Thanks for all your hard work and cooperation. And I assume you're going to help us convince the County Executive to work on this midge problem?

SENATOR SAILING: Well, we're going to try our best.

GOVERNOR HOGAN: All right. Thank you.

SENATOR SAILING: Yes, sir. Thank you.

GOVERNOR HOGAN: Now we're going to move on to the Department of General Services Agenda. Good morning.

MS. WILLIAMS: Good morning, Mr. Governor, Madam Treasurer, Mr. Comptroller. For the record, I am Leigh Williams, Deputy Secretary of General Services. The department has eight items on the Agenda and we'll be pleased to answer any questions you have at this time.

GOVERNOR HOGAN: Leigh, I --

TREASURER KOPP: Welcome.

GOVERNOR HOGAN: Oh, go ahead.

TREASURER KOPP: No, I was -- welcome.

GOVERNOR HOGAN: Yeah, welcome. We're happy to have you.

MS. WILLIAMS: Thank you. Pleasure.

GOVERNOR HOGAN: Happy to have you with us. I've got some questions about Item 2. Is there anybody --

MS. WILLIAMS: Kareen Davis.

GOVERNOR HOGAN: Good morning.

MS. DAVIS: Good morning.

GOVERNOR HOGAN: Governor, Madam Treasurer, Mr. Comptroller, I am Kareen Davis for the record, Manager of Procurement and Logistics, Department of General Services. I'll be happy to answer any of your questions.

GOVERNOR HOGAN: Okay. So my understanding is this is a single bid contract, right?

MS. DAVIS: It is a single bid.

GOVERNOR HOGAN: For emergency generator maintenance services for some of our Annapolis and Crownsville offices?

MS. DAVIS: That's correct.

GOVERNOR HOGAN: I think you probably know, because we say it almost every time we have a meeting, we're not big fans of single bid contracts.

MS. DAVIS: Understood.

GOVERNOR HOGAN: And I understand that the department did try to, you know, get more bidders, you know, you put extra effort into soliciting more bids. But here we are once again presented with a single bid contract and it's one of the Comptroller's favorite subjects as well, and I think the Treasurer also.

So, you know, is there something that we can do better about this, you know, this contract in particular, or contracting in general, that, is there something that's deterring people from bidding on the contract? Or what is the reason?

MS. DAVIS: Well we've allowed extra time to seek bids. We do second site visits. We do a lot of outreach. Some of the generators, they are older in age and it is a big responsibility on the contractor to take forward with submitting a bid. Some contractors feel like they cannot be competitive. Going forward we'll reach out to other agencies to see any other contractors they may have on their lists, just doing more outreach. I think that's the way moving forward.

GOVERNOR HOGAN: Okay. So you guys are on top of the problem and it's, you're aware that, you know, we just want more competition.

MS. DAVIS: Absolutely.

GOVERNOR HOGAN: Whatever we can do in your department and others --

MS. DAVIS: Absolutely.

GOVERNOR HOGAN: -- so thank you very much. Any other questions on this?

COMPTROLLER FRANCHOT: Yeah, I just might note I obviously concur on the single bid because if we don't take any action then nothing ever really resonates down in the agencies as far as I can tell. So I have a second concern, which is that the MBE requirement is dropping from 15 percent with the existing incumbent to just five percent in the new contract. That's a yellow light going off for me. And I assume the Legislature, which has that as a big goal.

MS. DAVIS: Yes, the MBE rate is lower. However, we've had feedback from some potential bidders that feel like they may have an issue with meeting the even lower MBE goal. And although we want to encourage MBE subcontractor participation, we do want that competition. And we sacrificed a bit of the MBE goal and was not able to encourage, well get the additional competition unfortunately.

COMPTROLLER FRANCHOT: Yeah. Yeah. But that's kind of significant, don't you think?

MS. DAVIS: Absolutely.

COMPTROLLER FRANCHOT: I mean, we reduced the goal to get competition and we end up with no competition. So I'm not clear why this

item is before us. You are asking for, I guess another item you're asking for a six-month extension for a procurement that also failed to elicit competitive bids. Is that this one? Item 5, I think same Agenda. And I appreciate that because it kind of resolves this concern we have about single bids always getting approved by us with the same comment we hope it doesn't happen in the future, and it keeps happening in the future. So Item 5 is something that you had a lack of bid competition for and apparently you are extending the incumbent for six months and reissuing an improved RFP where you have more competition. Why don't we do that with this?

MS. DAVIS: This one here, the incumbent is Curtis. And the new bid that they submitted is actually less than the current contract pricing.

COMPTROLLER FRANCHOT: How many times have I heard that? You know? We're getting a great deal. So, look, I don't want to pick on you. But I would suggest that Item 5 is a good model for us because if in fact you are giving this to the incumbent why don't we just give it to you for six months and ask you to go back and generate two competitive bids? And that's the proof positive that in fact we're getting a good deal. And I don't mean to single you out. But there's, I would move that this be extended for six months and just like Item 5 on the Agenda we revisit this. Perhaps it's intractable. I'm not, you know, I'm not here to be unreasonable. But this issue -- well, when you said that we're

getting a good deal, I've heard that a lot. And I'm not saying it's not true. I just think we need to prove it.

MS. DAVIS: Okay. In addition, if I may, we reviewed some of the recent contracts, a recent contract awarded 2015, February, also, to Curtis. It's for generator maintenance at 25 locations across the State. This award was made in the amount of \$518,000. That was in February, 2015. This contract which is a smaller contract, 17 locations, that total value is \$283,560.

COMPTROLLER FRANCHOT: Yeah, I'm not disagreeing with you. I'm just saying this is a generic issue.

MS. DAVIS: Okay.

COMPTROLLER FRANCHOT: And the Governor brought it up, but I would suggest that we give a six-month extension to the incumbent and ask that you figure out how to get some competition.

MS. DAVIS: Okay. Will do.

GOVERNOR HOGAN: So is there a motion --

COMPTROLLER FRANCHOT: I'd make that motion.

GOVERNOR HOGAN: I'll second the motion.

TREASURER KOPP: Could I just ask it looks like you did a great deal to try to reach out.

MS. DAVIS: We did.

TREASURER KOPP: Assuming we do this, what else will you do?

MS. DAVIS: I believe reaching out to any other agencies to see --

TREASURER KOPP: Beyond the 46 bidders and --

MS. DAVIS: Yeah, any bidders that may have submitted a bid in previous solicitations, reaching out to them, asking them where they may have went wrong. We had a second bidder here. His MBE forms were not correct. We'll also reach out to that bidder and assist him with the MBE portion of his contract, direct him to our Office of Business Programs and hopefully --

TREASURER KOPP: Is that an issue, do you think? Simply walking through the --

MS. DAVIS: Yes. Mm-hmm.

GOVERNOR HOGAN: Great. That's a good suggestion.

TREASURER KOPP: Okay. And the ones that stated they didn't have sufficient time, what was that about?

MS. DAVIS: I'm not sure because the bid was actually posted for about two months.

TREASURER KOPP: Yeah.

MS. DAVIS: And we extended because of the lack of competition and --

TREASURER KOPP: So --

MS. DAVIS: -- also had a second site visit. So we will definitely reach out to all of the potential bidders.

TREASURER KOPP: Well if this proposal is doable from your perspective in terms of keeping the emergency generators maintained, which is the number one issue, I don't have a problem with it. But it does seem to me that you did a great deal. It would be interesting to see what more you could do.

GOVERNOR HOGAN: So I want to thank you for all your efforts and I appreciate your addressing our questions today. There is a motion on the floor which I've seconded --

SECRETARY MCDONALD: Could I be clear about the motion?  
Is the motion to disapprove Item 2 --

GOVERNOR HOGAN: I think --

SECRETARY MCDONALD: -- which is the new contract --

GOVERNOR HOGAN: We're, I think we're substituting that for a six-month extension.

COMPTROLLER FRANCHOT: Of the existing contract.

SECRETARY MCDONALD: Okay.

MS. DAVIS: Okay.

GOVERNOR HOGAN: We're disapproving without prejudice.  
We're not saying we're rejecting this one. We're just saying --

SECRETARY MCDONALD: -- procurement is being canceled.

Okay. All right. Six-month extension --

GOVERNOR HOGAN: We're pulling that out for a separate motion. The motion has been made and seconded. Madam Treasurer?

TREASURER KOPP: I don't agree with the motion.

GOVERNOR HOGAN: Okay.

TREASURER KOPP: But it will be interesting to see how it works.

GOVERNOR HOGAN: Two to one. The motion passes. Are there any other questions with the rest of the DGS Agenda?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Motion --

TREASURER KOPP: Second.

GOVERNOR HOGAN: Second. The vote is three-nothing. Thank you very much.

MS. DAVIS: Thank you.

GOVERNOR HOGAN: Before we adjourn I just want to point out in the back of the room we have some friends here from Korea. KBS, the Korean Broadcasting System, is here. They are working on an hour-long documentary on the First Lady, who is the first Korean American First Lady in the history of the United States. And they are going to be here with us for a week or so following

us around, so we're happy to have KBS. So we want to thank them for being here, thank all of you for joining us. And with that, this session of the Board of Public Works is hereby adjourned. Thank you.

SECRETARY MCDONALD: Thank you.

(Whereupon, at 10:48 a.m., the meeting was concluded.)