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

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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

**ELLINGTON CHURCHILL**

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

**ALBERT BULLOCK**

Assistant Secretary, Department of Information Technology

**HERBERT JORDAN, III**

Deputy Secretary, Governor's Office of Minority Affairs

**MISSY HODGES**

Recording Secretary, Board of Public Works

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# PROCEEDINGS

GOVERNOR HOGAN: Good morning, everyone.

ALL: Good morning.

GOVERNOR HOGAN: Thank you all very much for being here.

Welcome to the Board of Public Works.

I want to start out by saying last week the Comptroller and I were invited to go to a forum in Salisbury put on by the Greater Salisbury Committee. And the main topic was about bipartisanship and how it is that we're able to get things done together in the Board of Public Works when we come from different parties and we don't always agree on everything philosophically. But that we put aside the partisanship to try to get the people's business done. And I just want to thank the Comptroller for the event last week and thank both of my colleagues here on the Board of Public Works because we do work together very well and we try not to get the hyper-partisanship to affect the decisions here. And I just want to thank everybody for the cooperation we've had for the past two years.

You know, as you know, all of our proceedings here at the Board of Public Works are livestreamed. In fact, I'll wave to the camera here, this little thing here. Good morning, everybody at home. And the vast majority of all the state legislatures in the country, their proceedings are livestreamed and they are also, they archive the videos of their proceedings. And unfortunately the

Maryland Legislature continues to resist that kind of openness and lags behind the rest of the country. So as part of our ethics package, we proposed the Legislative Transparency Act of 2017, which would finally bring the Maryland General Assembly in line with the majority of the state legislatures in the country and would provide the same level of transparency that we provide to the citizens of Maryland here at the BPW.

Unfortunately we're now just about halfway through the legislative session and in spite of overwhelming bipartisan support for this legislation the bill hasn't even yet been scheduled for a hearing in the House of Delegates. So we are hopeful that Speaker Busch will follow his colleagues in the Senate and immediately schedule a hearing on this important piece of legislation.

Look, I know there are some concerns, there may be some concern about last week with President Miller's recent use of profane language on the floor of the House describing one of our transportation officials. But we're willing to amend the bill to include like a seven-second delay --

(Laughter.)

GOVERNOR HOGAN: -- and built into the video stream and perhaps add one of those viewer discretion advised labels and maybe we'll, to warn that watching the Legislature may not be suitable for younger viewers.

(Laughter.)

TREASURER KOPP: Governor --  
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GOVERNOR HOGAN: But at this point I'd like to turn the floor over to my colleagues. Mr. Comptroller?

COMPTROLLER FRANCHOT: Well Governor, thank you very much. I'm very pleased to announce that my office is now accepting nominations for the William Donald Schaefer Helping People Award, which recognizes Marylanders and organizations that embody Governor Schaefer's legendary commitment to serving the people. Throughout his 50 years of service to the State of Maryland, Governor Schaefer was known for his do it now approach and he firmly believed that government must always be responsive to the needs of its citizens and that everyone had a responsibility and a duty to make our community stronger.

Since we established this award in 2012 we've traveled across our great State, we've met dozens of Marylanders who carry on the legacy that Governor Schaefer left behind. And in a time when the newspapers and cable shows seem to only highlight the bad things that are happening in the world, this award and its worthy recipients remind us of the generosity and the kindness that are present in every community across our State.

Recipients of the Schaefer Award will be selected on their demonstration of improving the community; promptly responding to a citizen problem through effective government intervention; directly aiding our most vulnerable population; or establishing a public-private partnership to improve the

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lives of fellow Marylanders. Nominations are being accepted until March 31st, can be submitted by visiting our website marylandtaxes.com.

And if I could just thank the Governor for coming to Salisbury on the 13th. I thought the conversation, so to speak, that we had with Mike Dunn, the head of the Greater Salisbury Committee being the person in the middle, I think it's exactly what the public is thirsty for. Which is elected officials, regardless of party or philosophy, putting down their clubs and governing and not campaigning 24/7. And down there in Salisbury there were 200 people jammed into a room that only holds 125. They are all the leading people of the Lower Shore. There were people lined up all out the door and down Division Street trying to get in. And you know, the Governor gave me a hard time on a couple of things, like he reminded me that I called for his resignation years ago.

(Laughter.)

COMPTROLLER FRANCHOT: But --

GOVERNOR HOGAN: I probably called for yours, too.

COMPTROLLER FRANCHOT: Yeah. And but I think it's an example of what our voters deserve and expect. And I would urge that the hyper partisans on the Republican side and on the Democratic side just wake up. This is not, their message of constant conflict, tearing people down, yelling at the other side, that is not what 90 percent of the public in the middle want. And I would, I hope that a better day is coming and but I just wanted to personally thank the

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Governor for coming down and making that event possible and now we're getting invitations, frankly, from all over the State to come over and try to sell true bipartisanship.

GOVERNOR HOGAN: Well thank you. We started out with our first event in Montgomery County and it was such a hit that I think the Comptroller said we should take the show on the road.

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: And now everybody, every county wants to have us come talk. But we've got to bring you with us next time.

COMPTROLLER FRANCHOT: Yeah.

TREASURER KOPP: Talk about shows on the road.

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: But thank you.

COMPTROLLER FRANCHOT: That would be a very good thing. I'd love to have the Treasurer join us.

TREASURER KOPP: Glad --

GOVERNOR HOGAN: Madam Treasurer?

TREASURER KOPP: Glad to hear it was a successful and pleasant event and I actually think there's nothing wrong with campaigning either, which is reaching out to the people.

GOVERNOR HOGAN: Exactly. We're reaching out a lot.

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TREASURER KOPP: Let me only say for the record, in case folks don't know, the committee meetings in both the House and the Senate are televised and you can hear them live and archived, and the floor sessions also are on record. You can hear them live or archived. The only question, I believe, is television cameras, is that --

GOVERNOR HOGAN: Yeah. We're one of the only states in the country that doesn't allow you to watch the legislature in session.

TREASURER KOPP: Yeah. Actually most states don't have the committee meetings, as you know, which was a great step forward that was taken by the Legislature some time ago. And I for one am one of those junkies actually who sits at my desk and watches committee meetings.

GOVERNOR HOGAN: I think you're the only one.

(Laughter.)

TREASURER KOPP: Well, I don't know. There are 16 people who watch us so there is probably someone else who watches the committees. Governor, good morning. It's good to be here.

GOVERNOR HOGAN: Let's go ahead and get started with the Secretary's Agenda. Good morning.

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 12 items on the Secretary's Agenda. We

have two reports of emergency procurements. We are withdrawing Item 2 and withdrawing Item 12 today.

GOVERNOR HOGAN: Any questions on the Secretary's Agenda? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-oh. Move on to the DNR Real Property Agenda.

MR. BELTON: Good morning, Governor, Madam Treasurer, Mr. Comptroller.

GOVERNOR HOGAN: Good morning.

MR. BELTON: For the record, I'm Mark Belton, the Secretary of the Maryland Department of Natural Resources. We have four items on our Agenda for your approval this morning.

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

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: This is going to be an easy, fast meeting, it sounds like. Three-nothing on DNR. Up next is DBM, Department of Budget and Management.

MR. BRINKLEY: Good morning, Governor, Mr. Comptroller, Madam Treasurer. The department has submitted six items for today's Agenda. I have representatives here to address any concerns or questions you may have.

GOVERNOR HOGAN: Any questions on DBM?

COMPTROLLER FRANCHOT: No, move approval.

GOVERNOR HOGAN: Second? Three-oh. We're on a roll here. Let's move on to the University System.

MR. EVANS: Good morning. Joe Evans, representing the University System of Maryland --

SECRETARY MCDONALD: Excuse me, Mr. Evans.

MR. EVANS: I'm sorry --

SECRETARY MCDONALD: We need to return to the Budget --

MR. BRINKLEY: Governor, we have one modification. We did remove Item 2 on the Agenda.

SECRETARY MCDONALD: They are withdrawing Item 2.

MR. BRINKLEY: And so the other five items you just voted on.

GOVERNOR HOGAN: Very good. Well so the motion will change --

SECRETARY MCDONALD: Thank you. Thank you.

GOVERNOR HOGAN: We don't have any questions on the one you removed, either.

MR. BRINKLEY: Good.

(Laughter.)

MR. EVANS: Good morning. Joe Evans, representing the University System of Maryland. We have one item on the Agenda.

GOVERNOR HOGAN: Wow, I think that's, is this the first time you've had one item, Joe?

MR. EVANS: Only one.

GOVERNOR HOGAN: Any questions on University System?

Motion, second --

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: -- three-oh.

MR. EVANS: Thank you.

GOVERNOR HOGAN: We're batting .1000. We're going to move on to Information Technology.

MR. BULLOCK: Good morning, Governor, Madam Treasurer, Comptroller. For the record, I'm Albert Bullock, Assistant Secretary for Administration at the Department of Information Technology. Today we have three items on the Agenda, one item is a supplemental, one is a hand-carried. And I have agency representatives for any questions you may have.

GOVERNOR HOGAN: Questions on IT?

COMPTROLLER FRANCHOT: No.

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GOVERNOR HOGAN: Motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-oh. Next we have the Department of Transportation.

MR. PORTS: Good morning, Madam Treasurer, Governor, Mr. Comptroller. For the record, my name is Jim Ports, Deputy Secretary for the Maryland Department of Transportation. We are presenting seven items today for your consideration and we'll be pleased to answer any questions you may have.

GOVERNOR HOGAN: Well, Mr. Ports, you are going to ruin our perfect record.

(Laughter.)

GOVERNOR HOGAN: I --

MR. PORTS: Thank you.

GOVERNOR HOGAN: I have a question on Item 1.

MR. PORTS: Sure.

SECRETARY MCDONALD: Mr. Ports? Are you, could you introduce your Agenda again? How many items do you have and are you --

MR. PORTS: Seven.

SECRETARY MCDONALD: Seven? And are you withdrawing Item 8?

MR. PORTS: Well it was a walk-on, right?

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SECRETARY MCDONALD: Okay. So you're not. So we have seven items, and I have eight items. So I just don't know what makes seven out of eight.

GOVERNOR HOGAN: Yeah, we're withdrawing Item 8.

COMPTROLLER FRANCHOT: Really? Okay.

TREASURER KOPP: Is --

SECRETARY MCDONALD: You are withdrawing Item 8?  
Thank you. Thank you.

TREASURER KOPP: Was it on the Agenda?

MR. PORTS: I didn't, I didn't think we had to withdraw it since it was a walk-on --

TREASURER KOPP: I don't think it was ever on it.

SECRETARY MCDONALD: It was on the Agenda --

MR. PORTS: -- and we didn't present it.

COMPTROLLER FRANCHOT: Okay, but you're in support of it?

TREASURER KOPP: Okay --

SECRETARY MCDONALD: I'm just --

TREASURER KOPP: No, it's not my -- yeah, well we look forward to seeing Item 8 come back --

GOVERNOR HOGAN: -- bring it back pretty quickly.

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TREASURER KOPP: -- in time --

GOVERNOR HOGAN: Yep.

TREASURER KOPP: -- in the appropriate time.

GOVERNOR HOGAN: This was just a little --

TREASURER KOPP: Yeah.

GOVERNOR HOGAN: -- technical glitch by the Attorney General's Office, I take it.

TREASURER KOPP: -- know by whom.

GOVERNOR HOGAN: Yeah. So on this Item 1, the, it's a \$2.5 million single bid contract, right? For a wash bay at your Frederick County maintenance facility. And our backup materials state that, your non-bidding firms cited that time concerns and other project obligations was the reason why nobody else bid. And I guess my question, because you have done it in the past and obviously that's always a concern of ours, why didn't you go back out for a second RFP to get more competition, as you did with the highway lighting repair and maintenance in Item 4? And I just was curious as to why we, what was, why did we have to have a single bid? I'm not necessarily opposed to the item. I just wanted an explanation.

MR. PORTS: Sure. Sure. That's no problem. So our procurement team did, as you mentioned, went back and tried to find out why people didn't solicit, or didn't propose a bid. And you see what they said. But

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one of the other things we were fighting is this is a wash bay and right now it's two things. One is environmental, so we want to be environmentally compliant and we don't want to be out of compliance environmentally.

GOVERNOR HOGAN: Got you.

MR. PORTS: So that's one portion. And the other portion is operationally. The wash bay that we currently have does not fit the vehicles that we need to wash. So we have to pull them in, wash half of them, turn them around, wash the other half. And so between the operational concerns and the inefficiencies, as well as the environmental issues, we thought we would still bring it forward in hopes that it would be approved. But, you know, we understand the single bid. We get that. And if the Board would like us to --

GOVERNOR HOGAN: And so I appreciate, I think you even extended maybe the bidding period?

MR. PORTS: We did.

GOVERNOR HOGAN: For more than a month --

MR. PORTS: We did.

GOVERNOR HOGAN: -- to try to get, I'm just wondering if in the future could we, when we're planning, you know, projects, is there a process that we can, I think everybody said it's too late, we're already busy. Like can't we start earlier in the process, I mean, with the bid so that maybe more people



will participate? Is that something that, so that we won't have a single bidder because everybody says we can't do it in that short period of time?

MR. PORTS: Absolutely. And as you know, we've been looking at our procurement process as well as everybody else around the State --

GOVERNOR HOGAN: Sure.

MR. PORTS: -- with the Lieutenant Governor and we are trying to make these changes as we go along. SHA has been one of those where we had had particular problems with some of the A&E contracts taking a long time. And we're still trying to just catch up on all that stuff that, quite frankly, we inherited.

GOVERNOR HOGAN: Right.

MR. PORTS: So we're getting there. But we're not there yet.

GOVERNOR HOGAN: Yeah. Well great.

MR. PORTS: We're --

GOVERNOR HOGAN: Thank you. Let's just keep working on it because --

MR. PORTS: Sure.

GOVERNOR HOGAN: I have one more item but let's --

COMPTROLLER FRANCHOT: Well I, yeah, I, yeah, no --

GOVERNOR HOGAN: -- we're beating up Mr. Ports, go ahead.

COMPTROLLER FRANCHOT: Yeah, no, I wasn't going, I didn't even notice this item, frankly. But I will just --

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(Laughter.)

MR. PORTS: Thanks, Governor.

GOVERNOR HOGAN: He's really slipping. You know, this is his issue, the single bid. So --

COMPTROLLER FRANCHOT: So I just want to applaud the Governor for bringing it up, number one. Number two, I've been in his position dozens of times over my tenure as Comptroller where you don't want to interfere. There are seemingly plausible reasons. There are companies that say, well, we didn't have enough time or we were too busy so that's the reason the single bid is in front of us. I appreciate the Governor and the Lieutenant Governor and the legislators working on procurement reform. It's not going to be worth the paper it's printed on if we don't start turning these single bid contracts down. It just won't. And that's kind of a conclusion I've reached after ten years. I'm going to go along with this because I have a lot of respect for Mr. Ports and obviously the Governor is wanting to, you know, these are his agencies. So I'm not interested in --

GOVERNOR HOGAN: We try to hold our guys' feet to the fire.

We don't --

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: -- let up on them, do we?

COMPTROLLER FRANCHOT: But I am, you know, beyond debate on these contracts, except for very limited circumstances where public safety is involved. But --

GOVERNOR HOGAN: I think it's one of the main discussions that --

MR. PORTS: Mm-hmm.

GOVERNOR HOGAN: -- the Lieutenant Governor and the procurement task force, and we'll all come up with, there are different agencies that have ideas and we're going to try to improve the process.

So let me just go on to one more item, while I have you. Since we were having such an easy time with --

CITIZEN #1: (Indiscernible). I'm a member of Progressive Maryland. We delivered a letter to you, Governor Hogan, on February --

GOVERNOR HOGAN: Okay, well with all due respect it's --

CITIZEN #1: (Indiscernible).

GOVERNOR HOGAN: -- we're in the middle of a hearing.

CITIZEN #2: I'm here to ask you to speak up on not repealing the Affordable Care Act. My daughter, who is nine, was born in 2008. She received --

GOVERNOR HOGAN: Okay. Okay. Well thank you --

CITIZEN #2: (Indiscernible) --

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GOVERNOR HOGAN: -- thank you very much for being here.

But we are in the middle of a hearing and this is off topic.

CITIZEN #2: (Indiscernible) worth of medication --

COMPTROLLER FRANCHOT: Why don't you let them speak at the end?

CITIZEN #2: -- was born with a preexisting condition --

GOVERNOR HOGAN: Would you like to maybe at the end of the hearing speak so you don't interrupt the process?

CITIZEN #2: -- denied insurance coverage if the ACA is repealed.

GOVERNOR HOGAN: Okay well --

CITIZEN #2: We are asking you to speak up against the current administration --

GOVERNOR HOGAN: Actually I've been, I've been providing tremendous leadership on this issue. I called --

CITIZEN #2: You have not spoken up on ACA.

GOVERNOR HOGAN: No, that's not --

CITIZEN #2: You have not spoken up.

GOVERNOR HOGAN: No, that's not true. I actually called together both of our two U.S. Senators and all of our Congressmen into this very office and I talked about four of our highest priorities in Washington, and this was at the very top of the issue. I said --

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CITIZEN #2: Our letters to you to --

GOVERNOR HOGAN: Okay. I haven't, I haven't seen the letter but we did write a letter to Washington. We did talk with all of our representatives --

CITIZEN #2: We are not Washington. We are your constituents -

-

GOVERNOR HOGAN: -- and I do have a position but this is inappropriate for you to be talking about this issue.

CITIZEN #2: Washington isn't concerned about us.

GOVERNOR HOGAN: I think we're going to have to, okay, thank you very much. Thanks for coming. Okay, Mr. Ports, on Item 4 --

CITIZEN #2: We will come back.

GOVERNOR HOGAN: Okay. Great. I don't have a problem with this item. But I noticed that there's a huge disparity between the bidders.

MR. PORTS: A little bit.

GOVERNOR HOGAN: The first two vendors submitted bids under \$500,000, while the third bidder submitted a bid of \$82 million. And that's a difference of more than 1,000 percent. I'm assuming this is a typo, is that --

MR. PORTS: It is not a typo. I think they got us mixed up with the Lottery Agency.

(Laughter.)

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MR. PORTS: I'm just kidding. They actually did their math incorrectly, I'll be honest with you. It was an issue that our folks in procurement tried to work with them to rectify. Unfortunately the way that they did it they could not rectify it. So what we have asked, and trust me we meet all the time and tell our folks the same thing. And when I saw this I raised the same question, how can this be so out of whack? And so what we asked our SHA folks to do, our procurement folks, is to go back and work with this small business, it's a smaller business, and do two things. One, see if they can be certified as a small business so that we can help more of our procurements go to smaller businesses through the Small Business Reserve. And two, work with them on how to properly submit a proposal so that their math is correct.

GOVERNOR HOGAN: So --

MR. PORTS: So we've asked them to go back and work with this firm. They admit they screwed up.

GOVERNOR HOGAN: Well so I mean that was a, for a very straight shooting guy who usually is a tough straight talker like me, that sounded like a bunch of gobbledygook. But what's, why the difference between \$500,000 and \$82 million? I don't get it.

TREASURER KOPP: Yeah.

MR. PORTS: I'm not sure --

GOVERNOR HOGAN: Which one is correct?

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MR. PORTS: -- how they got their math wrong.

GOVERNOR HOGAN: Which one is correct? Which one is correct? The \$500,000 or the \$82 million?

MR. PORTS: The \$500,000.

CITIZEN #1: I have one more thing to say. I'm also a representative with Progressive Maryland. I'm actually a Native American woman. I'm a constituent of yours and I am concerned because as a survivor of domestic violence and also having trouble with police accountability, I was involved in getting the law signed into action on October 1st this past year, I'm concerned that under the Trump administration we are not going to have, women are going to be treated badly in this country and you are not going to stand up for us --

GOVERNOR HOGAN: Well I don't think that's --

CITIZEN #1: -- we've seen this trend. We've seen this now.

GOVERNOR HOGAN: That's really not true.

CITIZEN #1: We need you to stand up strong to the Trump administration. Because when they say stuff like, when our President is saying stuff like grab women by the pussy, we are, women are in danger in this country. We need you to stand up for us.

GOVERNOR HOGAN: Okay. On the \$82 million, Mr. Ports.

TREASURER KOPP: Governor, before we go forth, let me just say we do have an Agenda and there is time for people to speak at the end. I agree with that completely. And I'm pleased to hear that you met with our delegation and told them how important the ACA is. I think, I think that's very important but --

GOVERNOR HOGAN: And as a matter of fact this weekend I'm going to be four days in Washington with the National Governors Association and this is one of the main topics we'll be discussing.

TREASURER KOPP: It's very important --

GOVERNOR HOGAN: But it's not, we're still in the middle of a discussion about transportation.

TREASURER KOPP: No, but it is, but it is important --

GOVERNOR HOGAN: And we'll be happy to talk --

TREASURER KOPP: -- to speak out for your constituents as well as to --

GOVERNOR HOGAN: I feel like I'm speaking out for my constituents every single day.

TREASURER KOPP: So the constituents know it.

GOVERNOR HOGAN: And I'm going to continue to do so. But I think the people elected me to do a job here in Maryland, which we're focused on.



TREASURER KOPP: Yes.

GOVERNOR HOGAN: I didn't run for President and they didn't hire me to protest everyday against everything that they do in Washington.

TREASURER KOPP: No. But to speak up for --

GOVERNOR HOGAN: And we have, and we have ten representatives in Washington who I met with to make sure they do their job.

TREASURER KOPP: And that's very important. I appreciate it.

CITIZEN #3: Governor (indiscernible) just one last time. Just in case you did not receive our letter, I'd like to give you a copy of that letter. (Indiscernible).

SECRETARY MCDONALD: She is not supposed to approach the table.

TREASURER KOPP: No.

CITIZEN #3: There are 1,000 signatures attached to it. And we really need you to speak out for us. We are concerned about (indiscernible) --

SECRETARY MCDONALD: Ma'am, you need to, back to the, back up to the speakers line, please.

CITIZEN #3: We are concerned about immigration policies, what's happening to the folks in our State, the raids that are going on, the apparent Muslim ban. We need you to speak out for us.

GOVERNOR HOGAN: Okay. Thank you very much for your views and we'll take a look at your letter.

CITIZEN #3: Thank you, Governor.

GOVERNOR HOGAN: Mr. Ports?

MR. PORTS: Okay. Eric, I think I've gone as far as I can on this issue. Maybe you can explain some of the technical details on the back?

MR. LOMBOY: Good morning, Governor Hogan. Eric Lomboy, Director of Procurement at SHA. On this particular bid there were line items that were supposed to be multiplied. What happened was their math was incorrect. It's a curable piece of the puzzle and once we corrected their math that was what the bid came out to be. We felt it wasn't proper to reject the bid. It was done, so it wasn't improper, it was just incorrect. So we kept the bid in just to show that we did have a process in place.

GOVERNOR HOGAN: The \$82 million was incorrect?

MR. LOMBOY: It was incorrect.

GOVERNOR HOGAN: Okay. So it's really \$500,000 is the cost?

MR. PORTS: Oh yeah.

GOVERNOR HOGAN: Okay. I feel better now. I thought, I thought we were going to spend \$82 million in spite of the fact it was only worth \$500,000.

MR. PORTS: Well we were getting a heck of a deal, is what it was.

(Laughter.)

GOVERNOR HOGAN: So you're trying to clean up the process -

-

MR. LOMBOY: We did. And we did have a discussion with the vendor and they do understand the process better now.

GOVERNOR HOGAN: Great.

MR. LOMBOY: So we are, hopefully, I believe they might actually be getting an award soon.

GOVERNOR HOGAN: Very good. So it wasn't like a rounding error? I mean, I was just --

MR. PORTS: No.

(Laughter.)

GOVERNOR HOGAN: All right. Any other questions on the Transportation Agenda? Okay. Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-oh, in spite of Mr. Ports' grilling we still got you.

MR. PORTS: Thank you.

GOVERNOR HOGAN: We're going to move on to the Department of General Services Agenda.

MR. CHURCHILL: Good morning, Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for General Services. The department has nine items on our Agenda, including one hand-carry. We are withdrawing Item 1 and we will be glad to answer any questions that you have at this time.

GOVERNOR HOGAN: Any questions on DGS?

TREASURER KOPP: Just one question. I understand that hand-carried one has to be on this Agenda because of timing of obtaining a bank --

MR. CHURCHILL: Financing.

TREASURER KOPP: Is that right?

MR. CHURCHILL: Yes, that is correct. And I have Cathy Ensor

--

TREASURER KOPP: Well we --

MR. CHURCHILL: -- if you need any more additional information.

TREASURER KOPP: We heard from Ms. Ensor, and I appreciate it. I just think it should be on the record that we don't, we're not slipping into having a lot of hand-carried items for reasons that are not absolutely critical. I

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know the Comptroller has spoken often about not liking, not being pressed to have to make a decision because of the timing that the agency chose to bring the item. And I just want to make it clear there are times when this has to be done and I gather this is one of them.

MS. ENSOR: Cathy Ensor, Department of General Services. Good morning. I have Mr. Ian Kennedy from the Downtown Columbia Arts Association. And the loan that they are looking to close by the end of the month is quite involved, has many moving parts. And I think he could probably explain a little bit better about why we needed to bring it to this meeting.

MR. CHURCHILL: Madam Treasurer, first just to your statement, I understand what you're saying. And when this item came in front of me and we reviewed the issue we thought in weighing the balance it was appropriate to ask for the Board's review of this item. But we understand and we will endeavor not to bring hand-carried items as a policy for DGS.

GOVERNOR HOGAN: I'm sorry. We're having a little sidebar here.

MR. CHURCHILL: I was just saying we understand and we try whenever possible not to bring hand-carried items to the Board for approval.

GOVERNOR HOGAN: Thank you very much. Is there a motion on DGS?

COMPTROLLER FRANCHOT: Move approval.

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GOVERNOR HOGAN: Second? Three-nothing on DGS. Now that concludes our schedule but we're going to have Mr. Ports bring up a discussion of Item 8, which we took off the Agenda earlier but there's been some late development since that from the Legislature and our attorneys. And so I think we can now discuss this item.

MR. PORTS: So we're going to withdraw our withdrawal. And --

GOVERNOR HOGAN: We're withdrawing the withdrawal.

MR. PORTS: And move Item 8 forward. Governor, as you mentioned this is probably a once in a lifetime opportunity, quite frankly, for the Port. I spoke to Jim White and he --

GOVERNOR HOGAN: Mr. White is right in there in the back of the room, if he wants to --

MR. PORTS: Yep. Yep.

GOVERNOR HOGAN: -- address us. But we don't, it's up to you.

MR. PORTS: Sure. He had mentioned that this is the first time that any administration has tried to purchase a property to enhance the footprint of the Port. You know with all the extra containers that we're seeing, with the records that we're breaking, this is essential. And with that I'll let Jim White explain anything else he would like to about this item.

GOVERNOR HOGAN: Well, you know, Mr. White, thank you for joining us. And I'm sorry for the confusion. Obviously there was some things that we had to take care of with the Legislature. We have two letters in front of us signed by the Chairman of the House Appropriations Committee and Senator Kasemeyer from the Senate in support of this. The three of us are, I believe, in support of the motion. It's incredible for job creation and the expansion of the Port. But we had a technicality that we had not gotten the approvals, you didn't take it through the proper process and now it's been fixed. So I'm not sure how much we want to hear about it but if you'd like to give us a little rundown of the big picture, we'd love to hear it. We know a lot about it but maybe some of the folks here would like to hear.

MR. WHITE: Well thank you for allowing us to walk that on, first of all. This is very important to the Port. When we were getting ready for the expansion of locks and the Panama Canal to get the bigger ships through, we were anticipating a two percent increase over our historic three or four percent. And since the Canal has opened in July of 2016, the Port has actually grown at nine percent. And in December we had our biggest month ever. We grew 22 percent in December alone. And that is causing us some difficulty in servicing the trucks as timely as we'd like to. We are the most efficient port in the United States. We want to remain the most efficient port in the United States. And this property will allow us to do that.

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GOVERNOR HOGAN: Well we want to thank you and your team for an incredible job at the Port. We couldn't be more proud of the progress and the record breaking success, and we think this is going to help us continue to create more jobs and more revenue for the State. And if, I don't know if my colleagues have any comments they'd like to --

TREASURER KOPP: Governor, I think this is a great project and I think you and your team have done a wonderful job at the Port. And I just want to congratulate you on an outstanding year and I understand thus far in 2017 we're ahead of where we were. It's a terrific thing and a great future.

I appreciate the department understanding that there was a provision in the law regarding consultation and it has now taken place, and we do have in writing the support of the committees in the Legislature. And I think we are all going forward with great hopes for this project over the coming years, thousands of jobs, and really making this the greatest port on the East Coast. And congratulations.

GOVERNOR HOGAN: And I want to thank the Treasurer for discovering the technicality, glitch, and bringing it to the attention. I guess the AG in your office didn't know that there was a process that had to go through with the Legislature. And as soon as she notified us of it, I know you guys ran around --

TREASURER KOPP: Yes, they did.

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GOVERNOR HOGAN: -- and the Legislature was very cooperative.

TREASURER KOPP: Mr. Newgent was --

GOVERNOR HOGAN: And I've never seen such quick action. In like ten minutes the House and the Senate agreed with us on moving forward. And I wish we could do that with our other 31, you know, initiatives.

COMPTROLLER FRANCHOT: Yeah.

GOVERNOR HOGAN: But I'm very pleased that we got this one done so fast. Would you be willing to help us out with the rest of our budget --

(Laughter.)

GOVERNOR HOGAN: But thank you very much, Mr. White. We appreciate it. So on this item, I'm sorry --

COMPTROLLER FRANCHOT: Yeah, and don't forget the Taxpayer Protection Act when you --

GOVERNOR HOGAN: Yes.

COMPTROLLER FRANCHOT: -- in your little portfolios. But --

GOVERNOR HOGAN: And the jobs bill.

TREASURER KOPP: Right.

COMPTROLLER FRANCHOT: -- yeah seriously I'd like to, refresh my recollection --

GOVERNOR HOGAN: Redistricting.

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COMPTROLLER FRANCHOT: -- the last time we missed an opportunity to buy a huge much desired piece of property over at, I vaguely remember some time ago we dragged our feet and we lost the opportunity to purchase what was a game-changing property.

MR. WHITE: That's, your memory is correct. It was about 12 years ago. And this property is actually going to cost the State about \$55 million for our portion of it. But it's not the whole portion. The total acreage there is 103. We're going to end up with about 70, which is terrific. It will give us like six more years of growth at Seagirt without any more dredging, no more demand on containment capacity. So it's terrific. But we are having to pay more. Twelve years ago we could have bought the property for about \$36 million. So, you know, time, things appreciate. It's still a terrific buy for us.

COMPTROLLER FRANCHOT: And I'd just like to comment for the folks that are listening in. The reason we have the best, one of if not the best port in the country, as the Treasurer noted, is because --

GOVERNOR HOGAN: Not one of the.

COMPTROLLER FRANCHOT: Yeah, one of the.

GOVERNOR HOGAN: The.

COMPTROLLER FRANCHOT: The best. Well, I'm sure that will be challenged. But the reason for our success, even though we're 24 hours inland from the East Coast ports, my understanding is, is because we have

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available land that we can provide these shipping companies with space to put their, you know, big roll on, roll off, tractors and cars, etcetera. And the other East Coast ports that we compete with are much more landlocked as far as their space. So this acquisition is something that really is right in our sweet spot as far as the State's strength, the Port's strength.

MR. WHITE: That is true. But because of the success that we've had we are restricted on land. We're now in a position where we need additional land to grow the jobs and economic impact, which we're committed to.

COMPTROLLER FRANCHOT: Excellent.

MR. WHITE: And this will help us.

GOVERNOR HOGAN: One thing I'd like to just, I'm not sure we even, Mr. Ports or you know this yet, but in addition to talking with our senators and congressmen about healthcare, we also talked about our priority transportation projects at this meeting at great length. And at the National Governors Association this, I think Friday I'm meeting with Secretary Chao, the Transportation Secretary, to talk about getting these, you know, the federal help to get double stacked on the Howard Street Tunnel. And if we can get that done you're going to be even busier and need more land.

MR. WHITE: As you said, Governor, we're open for business.

GOVERNOR HOGAN: Open for business. All right. Thank you very much. So any other questions?

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COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second. Could I just say --

GOVERNOR HOGAN: Yes, please.

TREASURER KOPP: -- in case there are folks here who don't know this, that the Comptroller before he was Comptroller was the leader in transportation funding in the State Legislature, Chairman of the Appropriations Subcommittee on Transportation.

MR. PORTS: Mm-hmm.

TREASURER KOPP: And knows this firsthand and has always been a supporter of the Port and the department and our projects. I will give him that.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR HOGAN: Absolutely.

MR. WHITE: May I comment on that?

TREASURER KOPP: It's true. It's true.

MR. WHITE: May I comment on that?

GOVERNOR HOGAN: As long as you don't say anything nice, but no.

MR. WHITE: Peter Franchot is the sole reason why we're the number one port in the country for imported/exported forest products. Without

his help when he was Chairman of the Transportation Committee we would not have gotten the money to rehabilitate and build new warehouses. So thank you --

COMPTROLLER FRANCHOT: Thank you.

MR. WHITE: -- Comptroller Franchot.

COMPTROLLER FRANCHOT: It's totally undeserved, but thank you.

GOVERNOR HOGAN: Very nice.

COMPTROLLER FRANCHOT: You know it's --

GOVERNOR HOGAN: And he had already made the motion and voted for it --

(Laughter.)

COMPTROLLER FRANCHOT: Thank you. It's very kind of you to say that, Madam Treasurer, thank you for noting that. And I say, you know, it is undeserved but I'm a big fan of the Port and its management.

GOVERNOR HOGAN: And I would like to again just thank Chairman Kasemeyer and Chairman McIntosh for moving as quickly as they did on this item. Thanks for getting it all straightened out. Thank you very much.

MR. WHITE: Thank you.

GOVERNOR HOGAN: The motion carries three-nothing.

SECRETARY MCDONALD: Thank you.

GOVERNOR HOGAN: The Board of Public Works is adjourned.

Thank you very much.

SECRETARY MCDONALD: I've got a public service announcement, next meeting, two weeks from now, March 8th, is in the Treasury Building. It is a bond sale. So come to the Treasury Building in two weeks.

GOVERNOR HOGAN: Okay. Thank you.

(Whereupon, at 10:41 a.m., the meeting was concluded.)